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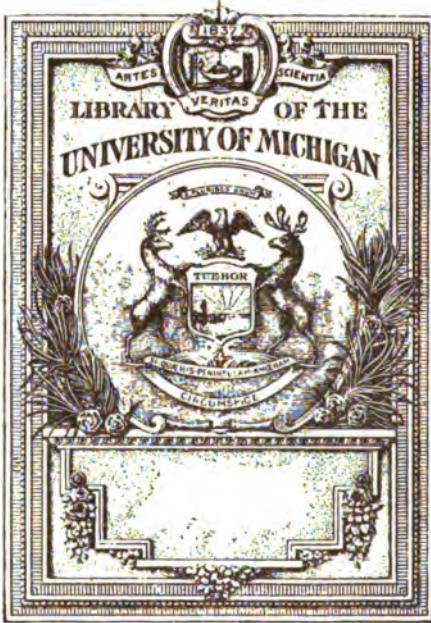
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PULP AND PAPER INVESTIGATION HEARINGS

APRIL 25-MAY 9, 1908



U.S. Congress. House. *under House resolution 344.*
= SELECT COMMITTEE OF HOUSE OF REPRESENTATIVES

JAMES R. MANN, Illinois, *Chairman*

JAMES M. MILLER, Kansas

HENRY T. BANNON, Ohio

WILLIAM H. STAFFORD, Wisconsin

THETUS W. SIMS, Tennessee

WILLIAM H. RYAN, New York

VOLUME I

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WOOD PULP, PRINT PAPER, ETC.

SATURDAY, April 25, 1908.

The committee met this day at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. The committee will be in order. I may say I did not call a meeting of the committee to-day for the purpose of having hearings, but for the purpose of making some arrangement with reference to hearings.

Yesterday I took the liberty of sending a telegram to Mr. Ridder, president, and Mr. Baker, secretary, of the American Newspaper Publishers' Association, and to Mr. Stone, the secretary of the Associated Press, as follows:

The special committee appointed to investigate concerning wood pulp, print paper, etc., will be glad to have you or anybody else representing or in behalf of the American Newspaper Publishers' Association or the Associated Press or others interested in the use of paper testify before it at the earliest opportunity to the end that, if possible, the committee may report back to the House before the adjournment of the session of Congress. The committee especially desires to secure from you facts bearing upon the question as to a combination or conspiracy of wood pulp and paper manufacturers or dealers in restraint of trade and relating to the effect of the duty on wood pulp and printing paper on the price of paper and the paper industry. The committee desires to give a full and unbiased consideration to the subject at once. The information upon which you have based your statements must be of great value to us. When can you come?

I did not receive a reply from Mr. Ridder or from Mr. Stone, but I received yesterday this telegram from Mr. Baker, secretary of the American Newspaper Publishers' Association:

NEW YORK, April 24, 1908.

HON. JAMES R. MANN,
House of Representatives, Washington, D. C.:

Committee from this association will visit Washington to-morrow, Saturday, to appeal to the entire Congress against the tactical trickery of the opposition to the Stevens bill. We have been clamoring for four months for a hearing. We mistrust any inquiry which does not carry with it an assurance of substantially immediate action by both Houses. We have the assurance of a majority of all the Members of the House in favor of the passage of the Stevens bill, and we think an opportunity should be given to that majority to record itself and to demonstrate that fact to the country, especially as action has been urged upon Congress by the President.

AMERICAN NEWSPAPER PUBLISHER'S ASSOCIATION,
By E. W. BAKER, *Secretary*.

I took it from that that it was not the intention of the American Newspaper Publishers' Association to appear at once. This morning I met Mr. Ridder in the office of the Speaker, and he stated that the committee from the association was here and would like to proceed with the hearings. So far as I can see, there is no reason why we should not proceed with the hearings at once, although we are not in the room that we would have been in, or prepared with the facilities which we would have been prepared with, if the gentlemen had informed me yesterday that they were willing to proceed with the

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hearing. Hence, they will have to excuse the circumstances and environments under which we start in with the hearings to-day.

Now, Mr. Ridder.

Mr. MEDILL McCORMICK. Mr. Mann, I am charged by the committee of which I am chairman to present to you Mr. Norris, who will act as spokesman for us in the hearings.

The CHAIRMAN. What committee is that?

Mr. McCORMICK. The committee of the American Newspaper Publishers' Association, appointed by the association to come here to-day.

The CHAIRMAN. You said the committee of which you were chairman, and we thought we would like to have it in the record what the committee was.

Mr. McCORMICK. Fifteen gentlemen were appointed as a special committee.

Mr. FRANK B. NOYES. I came also in response to the invitation to Mr. Stone. It did not reach me. I am president of the Associated Press. It did not reach me personally, but I came through the printed notice.

The CHAIRMAN. Mr. Norris, will you be sworn?

Mr. NORRIS. Yes, sir.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY.

(Mr. Norris was duly sworn by the chairman.)

Mr. NORRIS. On behalf of the delegation of the American Newspaper Publishers' Association, permit me to say we appear in answer to your summons. We appear as representatives of substantially all the daily newspapers of the United States. We consume at least 80 per cent of the news print papers used in the United States. We appear here as representatives of the seventh largest industry in the country, an interest that has been menaced by an extraordinary aggregation of lawbreakers. We have appealed to the President, to the Department of Justice, and to Congress for immediate relief. For four months we have been asking an opportunity to tell our story to Congress. In reply we have been told, not once, not twice, but at least twenty times, and in various ways, that we could not look for any relaxation of the oppressions which the paper makers—the objects of Congressional favor—had imposed upon the vast publishing business of the country; that Congress would not aid us at this time in correcting a gross public wrong.

Therefore we are apprehensive that your investigation, because it is started late in the session, with only a short interval possible for legislation by Congress, can have only one meaning to us—delay, postponement, and a continuance for another year of conditions which are intolerable.

We do not intend to imply any mistrust of the committee's intentions, but may we ask, Under what programme will the committee proceed, and to what extent will it take testimony, and under what rule? Will it demand that narrow, legal, technical proof, which is usually obtainable by the granting of an immunity bath to one or more of the participants in a crime, or will it act promptly when the moral certainty of the wrongdoing is established? Do you want us to bring before you many publishers whose prices for print paper have

been raised, or will you accept the confirmatory published announcements of the manufacturers? Do you want us to show the extent to which they have oppressed an industry which leads all others in the diffusion of intelligence, and which affects most deeply the growth of knowledge and the development of the masses?

We assume that the burden of proof is upon us to show that the favor granted by Congress to the paper makers has been thoroughly abused and that you are justified at this time in withdrawing that favor. We will convince you that the paper makers have forfeited all claims to your special protection or consideration. We will produce evidence of broken promises to Congress, of deception practiced upon you, and oppression upon the public, and wrongs to labor and damage to the country without a particle of compensating advantage. We will produce figures to prove our assertions that the paper makers planned to add \$60,000,000 per annum to the burdens of the paper consumers. May we look for speedy action and swift reprobation?

We propose to explain upon what theory Congress should discriminate in favor of newspapers and make a correction of abuses upon print-paper consumers in advance of an effort to revise the entire tariff. In short, we will show you why you should at this time make a piecemeal revision; also that you can do it without precipitating a general revision of the tariff. We recognize the embarrassments that surround the tariff question, and we are confident we can establish to your satisfaction that such a programme can be carried out upon strong grounds of public policy—upon reasons that differentiate the print-paper proposition from any other factor in the problem of tariff revision.

At this stage of your proceedings may I ask what is to be the range of your inquiries? Do you intend to cover the ground of all the allied groups that comprise the seven combinations of paper makers, all of which are more or less interdependent? Shall we give to you the minutes of the fiber and manila conspirators, half of whom were equipped to make news print paper in our emergency and who did not? Shall we begin with the story of the Baltimore publisher whose price was arbitrarily raised \$12 per ton, or of the Bangor publisher who was made to pay \$2.50 per ton more because he was within 7 miles of a paper mill, or of a Paterson, N. J., manager who was told he could only buy from one maker, or of the Ohio representative who was refused a quotation and forced to go to Canada, or of the 200 other stories in the letter file which I have before me? Shall I tell you the story of the transformation of the American Paper and Pulp Association from a tame debating society with an annual dinner and an amiable intermingling of everybody in the trade into a group of lawbreakers, with cunning methods of evasion of the criminal statutes and with devices to force an immunity bath from the Government whenever caught in its crimes? Shall I tell the story of the Parks pools and of John H. Parks, who is now in Europe? Shall we anticipate the excuses made by the paper makers for their extraordinary advances? Shall we assume that their public explanations are accurate, or shall we show the fact of the increases in prices and await their explanations to your committee before we proceed to rebut them? Shall we anticipate them and tell you what is the paper makers' published statement of the increased cost of labor, of wood, and of freight?

Anyhow, we promise to satisfy you and convince you that there has been no material increase in the labor cost of paper per ton of output; that the increased cost of wood has been artificially stimulated by the speculations of these paper makers and is without justification, and that the annual reports of the largest paper maker, disclosing an increased cost of production of only 64 cents per ton, gives no excuse for the raise of \$12 per ton in price, or the threatened additional increase of \$10 per ton, making a total addition of \$22 per ton.

Shall we wait until the paper maker appears to describe what market conditions confront him, and to explain his innocence of wrong intention? Shall we await his explanation of his failure to keep the pledges he made to you when you adopted the Dingley tariff bill, or shall we tell you now why he starved the market and created a paper famine—why he went to Canada to place an order for 17,000 tons of export paper, and by that plan filled up the order books of the Canadian manufacturers so that they could not produce paper for the American market?

We charge that this was done by the International Paper Company in face of the announcement published in February, 1907, that a paper famine was due in August—a famine that came according to schedule, a famine that had been foretold by paper salesmen and in trade journals.

Shall we tell you of the present market conditions that exist while this test of endurance in a gentleman's agreement is prolonged? We promise to convince you that they have glutted the Canadian mills with orders and have continuously kept the Canadian laborers employed while banded together to keep the American laborer in idleness until the demand for paper should increase. One company imported wood pulp from Canada to the extent of 17,000 tons in 1907, and used American machines to produce that paper for foreign use, and collected its rebates of duty from the United States Treasury while it was starving the American market. We will show evidences of high finance and overcapitalization in the paper trade that exceed the performances of any other industry. We will show that these favorites of Congress have acted in bad faith. When Congress granted to them a protection of a duty of \$6 per ton on print paper they were under an obligation to take care of that market, to anticipate and meet its demands. The United States Steel Company, notwithstanding all that might be said against it, has at least made an effort to anticipate the demand, and in this year it has expended \$200,000,000 in that direction. But the largest of these paper makers, the International Paper Company, has actually reduced its output of news print paper in ten years.

We will show you that it is not selling as much news print paper for domestic consumption to-day as it did ten years ago; that the \$5,000,000 it borrowed in 1905, with which to build ten machines, it has diverted to other uses; that it has abandoned the legitimate field of manufacture to engage in a gigantic speculation in wood lands; that although its earnings do not show any material improvement, but, in fact, a diminution, it has poured out its available resources, not in the development of American industry, not in the encouragement of American labor, not in the protection of American interests, but in the purchase of thousands and thousands of square miles of Canadian timber rights and timber lands upon which specu-

lations it computes a vast profit, generally estimated at \$8,000,000, while the American publishers, who have obtained no Congressional favor and who have patiently borne their share of the burdens of government, are forced to submit to extortions and oppressions of combinations of labor.

If the committee will indicate exactly the line of procedure which it thinks it expedient to adopt, we will endeavor to adjust ourselves to it.

The CHAIRMAN. What the committee wants is information. We can not undertake to tell gentlemen who will furnish the information voluntarily the method of furnishing it.

Mr. NORRIS. If the committee please, I have here a budget. When this matter first took serious shape in September, 1907, we sent out to every daily newspaper a series of inquiries upon the question of the increased price of paper, and upon the question of the methods of paper makers in dealing with the paper consumers. We received over 300 answers in response to that inquiry, and I have those answers here. I have them in various shapes, in two shapes—

The CHAIRMAN. Right here, Mr. Norris, will you not tell us what position you occupy?

Mr. NORRIS. I am business manager of the New York Times. I am a member of the paper committee of the American Newspaper Publishers' Association.

The CHAIRMAN. When you said "we sent out" I wondered whether it was done as the New York Times or what.

Mr. NORRIS. I am not here as a representative of the New York Times especially. The New York Times speaks in its editorial pages what it has to say in the way of opinions. I am here as a representative of the American Newspaper Publishers' Association.

Now, my point was this: I received in answer to these inquiries the reports of these various newspapers, covering substantially 19 different headings, some of them quite material, and some of them, as afterwards developed, quite immaterial. I codified those answers, so that we brought together and grouped all of the answers to the questions which related to the increase in the price. I also codified and grouped all the answers to the other questions relating to the methods of procedure of the paper makers in their dealings with the paper consumers. I have those in such shape that if the committee can extract any information or any advantage from them, I can supply them, or if the committee wants any illumination from me on that point it will give me pleasure to furnish it.

The CHAIRMAN. Of course we will be very glad to have any codification that you may have made, and in addition to that, the original answers, if they could be furnished to us, so that we would not have to rely upon the opinion of one man.

Mr. NORRIS. I should state that I sent out these letters with the statement that it was a confidential inquiry, and I am in doubt as to whether I am authorized, under those circumstances, by the association to give them.

The CHAIRMAN. It must be perfectly patent to you that one man's codification of a lot of documents is only his opinion.

Mr. NORRIS. It is not a codification. What I mean is that there were answers, A to P. All the answers to question A I brought together—that is, instead of having to go over 300 sheets to see

answers to the question, "To what extent has the price of paper been raised to you during the past year?"—

The CHAIRMAN. Are those answers arranged so that you can tell who made the answers?

Mr. NORRIS. Oh, yes. The name of the party giving the answer is shown, and the answer itself.

The CHAIRMAN. Then there is nothing confidential about it. You did not observe it as confidential. What is there confidential in those letters?

Mr. NORRIS. Except that they were the reports of the publishers to us.

The CHAIRMAN. I am not seeking to get anything that was confidential. You say you have arranged those, and will furnish them to us as codified in that form. That is not confidential, or you would not do it. We want to get all the information we can.

Mr. NORRIS. I say that—subject to that reservation, on which I would be controlled largely by the gentlemen of the association—I would be glad to furnish them.

The CHAIRMAN. We would be pleased to have anything you can file.

Mr. SIMS. You are demanding no relief except the passage of the Stevens bill, are you?

Mr. NORRIS. That is right.

Mr. SIMS. Would that give all the relief that you think is necessary?

Mr. NORRIS. It would give all that we feel that we can ask of Congress.

Mr. SIMS. Now, with the Stevens bill passed, would there still remain a combination of paper makers that would have to be dealt with by the courts?

Mr. NORRIS. Our attitude upon that proposition is this, that with the bars down in that respect, natural conditions would assert themselves, and we would obtain results which would not only be to the advantage of paper consumers, but would also be to the material advantage of the entire country, and especially to the promotion of the paper-making business. In other words, that if the duty on pulp wood and print paper were abolished a very considerable—

Mr. STAFFORD. Pardon me; there is no duty on pulp wood.

Mr. NORRIS. I mean wood pulp. If the duty on wood pulp were abolished, a very large item, a very large factor, in the establishment of paper plants would be obviated. I refer to this, that under the present situation it is necessary to have for cheap paper making large timber tracts available to water courses, ample water power, a location on the water routes to market, improved machinery, wholesale production, and concentrated supervision. That is necessary to-day under the conditions which prevail for effective competition in the manufacture of paper, and that means the concentration of pulp making, sulphite pulp production, and paper manufacture, all in one place.

The most serious and costly item in the installation is that of the pulp production, the mechanically ground wood, by reason of the fact that the manufacture of pulp, to be made cheaply, must be done by water power, and the water power costs approximately \$100 per horsepower, and a ton of pulp requires, for production, anywhere from 65 to 100 horsepower per day. There is therefore involved in the establishment of a paper plant under present conditions an

extraordinary outlay for the manufacture of mechanically ground wood. With the duty abolished and with the advantages of the importation of the wood from Canada, the manufacture of paper, instead of being confined to a few localities where there is a very considerable water power, nearly all of which have been absorbed and have therefore rendered competition almost impossible—if there were free wood pulp it would be possible to locate paper-making machines in almost any locality in this country close to consumers, and to establish, at a cost of approximately \$4,000 or \$5,000 per ton of daily output of paper a plant which could make satisfactory paper, and in comparison with the present prices, which requires anywhere from \$18,000 to \$25,000 of investment per ton of daily output. In other words, with free pulp it would be possible for less than one-fourth of the present capital invested to establish widely paper-making plants, paper-making machinery, so that it would be almost impossible to concentrate the paper industry, as it now is, in comparatively few hands, and under what has grown to be substantially one control.

The CHAIRMAN. Mr. Norris, I do not wish to direct the form in which you shall present your testimony, but so far you have only indulged in argument. Preliminary argument is always good, and we are willing to hear it.

Mr. NORRIS. Illumination.

The CHAIRMAN. I hope you will not forget that argument is not information.

Mr. NORRIS. In this particular matter I have answered a question.

The CHAIRMAN. We would like you, sooner or later, to get to the point where you are testifying as to facts.

Mr. NORRIS. That is right.

The CHAIRMAN. I have no desire to interfere. Go on in the way you wish to present it.

Mr. NORRIS. I want to take up the matter of labor. We are in somewhat of an embarrassing position by reason of the fact that we must rely entirely upon the published statements of the manufacturers as to why they increased the cost.

The CHAIRMAN. Why don't you give us information, first, about something that you know yourself? Have the American Newspaper Association any knowledge of their own on the subject?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Why don't you tell us? We will be willing to extract information afterwards from other people.

Mr. NORRIS. I am grateful to the chairman for his help and guidance in bringing out these points. You will appreciate the fact that I was brought down here, Mr. Chairman, last night without any knowledge as to what was the programme or the method of procedure, and I am grateful to the chairman for any suggestion whereby he can help us to fully formulate—

The CHAIRMAN. You will appreciate the fact that this committee desires, first of all, information. No member of this committee has ever been interested in any way, so far as I know, personally interested, or has constituents personally or specially interested, in the paper industry. We have never been in the paper business ourselves or in the printing business or in the business of using paper, at least, not for many years, because almost everybody has been in the

printing business in one form or another at some time. But what we want is information. We are not posted with reference to print paper; at least I am not, and I think the members of the committee are not, except in so far as they have become more or less posted since their appointment on this special committee. We have endeavored to read everything we have received or could get hold of on the subject since our appointment, within that time.

Mr. NORRIS. May I ask if I should begin, for instance, on the census reports to show the extent of the operations of the paper manufacturers?

The CHAIRMAN. I would be very glad if you would, and it would be wise to take up any of the "whereases" that you know of, and that is one of them. I do not know that we have the census reports here.

Mr. NORRIS. They are the Census Bulletins No. 77 and No. 80. They bear largely upon this point. The latest reports of the Census Bureau indicate a production of substantially 900,000 tons per annum. That has been increased slightly. Now we calculate it is over 1,000,000 tons per annum.

The CHAIRMAN. That is, in the United States?

Mr. NORRIS. In the United States, with New York leading, producing substantially one-third of the entire output of news print paper, and the news print paper constituting one-third of the entire output of paper of all sorts.

Mr. RYAN. I think it would be well, Mr. Norris, first to prove here and get it in the record that the price of paper has been increased. This has been stated, but you must get the facts into the record, and then show to what extent it has been increased.

Mr. NORRIS. I have asked questions of the committee in order to know how they wanted to proceed.

Mr. RYAN. You are not to ask questions; you are to give evidence.

Mr. NORRIS. We are desirous of furnishing evidence, and we will be entirely prepared, upon a few hours' preparation, to furnish what will be entirely satisfactory information to the committee of the extent of the business and of the extent of the increase of price. What I wanted to ask was if we submitted copies of the published announcement of the president of the International Paper Company, stating that prices had increased during the past year from 2 cents to 2½ cents and 2½ cents per pound, which is an increase of from \$10 to \$12 per ton in the course of a year—if that be adequate, or must we furnish from the publishers that information?

Mr. MILLER. That would be a matter for the committee to determine, I think, after they have considered carefully all you have presented and all that other witnesses may present to them. If they are satisfied that they can make a report and sustain their report before Congress and the country on the resolution under which we are acting, that would be sufficient. If we thought we would require additional information we would be compelled to send to the publishers and require them to bring their books. As a member of the committee, speaking for myself, however, before I am willing to sign any report, I want the very best evidence that this case is susceptible of; I mean, the very best proof that this case is susceptible of, in order that when we do report we will not be subject to the criticism that has already been wasted upon us by your association. I received a

letter from Mr. Ridder on the subject of a duty on wood pulp. That was a good while ago. I replied to that, and said that if I had opportunity to vote for the removal of the duty on wood pulp I would do so, not because I believed the duty on wood pulp was the cause of the high price of paper, but in view of the fact that there was a general demand on the part of the newspapers of the country for the removal of that duty I was inclined to yield that far and vote for the removal of that duty. I feel the same now as I did when I wrote that letter, but notwithstanding that fact, I received a letter from Mr. Baker, who represents this same association, in which he said they have a mistrust of this committee. Why a member of this association, in advance of the hearing and before the committee was organized, should express mistrust of the committee, is a thing that I can not conceive of. I do not believe there is a single member of this committee but who is here for the sole purpose of performing his duty and who will so perform and report to Congress without regard to what effect it may have upon himself, and who will report the facts in cooperation with the committee as they find them. And that is why I am very anxious that you present to this committee the fullest information that you may possess, either your own personal information that you may have in connection with your business, or other information, which you may present in your own way—such information as you may be able to get. If the committee is not satisfied, after you are through, they will avail of other sources of information.

I may say that I know very little about the wood pulp industry. I am anxious that you should furnish full information about the whole industry, commencing with its inception. My recollection now is that there was not much of an industry of this kind prior to 1890, and I think it might be well for you to confine your evidence to the period that has elapsed since that time. However, that is for you to determine. Give us all the information you can with reference to this industry, and in reference to the newspaper industry. What we want is information that will enable the committee to determine whether or not the removal of the duty on wood pulp will cause a decrease in the cost of print paper. We want information to show also if there is a combination in restraint of trade, or a combination of the manufactures of paper to put up the price, how that is done and how it operates. We want that information. We are very anxious to have the fullest information on that point. I would suggest now that you present in your own way the information you have, and when the committee gets through that, we will get as much more elsewhere as we possibly can.

Mr. BANNON. Mr. Chairman, it seems to me that the thing complained of, first, is the price of print paper. Now, then, ought not the first thing that the committee would be glad to get information on to be the price of print paper and the fluctuation that there may have been in the price? I do not know what a ton of print paper sells for. I have no idea, not the remotest. I make the suggestion that it might be the logical way to start in and show the price of print paper, how it has fluctuated, if it has, and then the causes of the fluctuation. That, it would seem to me, the logical way to go about it. I would make that suggestion for the consideration of the committee.

Mr. RYAN. That was my suggestion, also, Mr. Chairman.

Mr. BANNON. You say they have raised the price from \$10 to \$12 per ton. I do not know whether you mean by that that the price has been added to that much, or whether the paper sells at that price. I have no information on that. I do not know whether the other members of the committee have or not.

Mr. SIMS. I want to know why we should pass the Stevens bill and what would be its logical effect upon the conditions complained of, starting out favorably inclined to the passage of the bill—I mean that is my own state of mind; but I may find colleagues that I may want to convince.

Mr. RYAN. I wrote a letter also, I may say, to Mr. Ridder stating that I would vote for the Stevens bill, if given the opportunity to do so. Now that I am a member of this committee I would like to obtain all the information obtainable.

Mr. BANNON. How much is print paper per ton at the present time?

Mr. NORRIS. The quotations are \$50 a ton; 2½ cents a pound. The price in 1905 was \$1.90 per hundred pounds, or \$38 per ton.

Mr. STAFFORD. How are the prices quoted, by the 100 pounds or by the ton?

Mr. NORRIS. By the hundred pounds. The quotations are 2½ cents, with shadings per pound at the present time down to—as I was told yesterday, although I do not know as to the accuracy of it—to quotations at \$2.30 per hundred pounds.

The CHAIRMAN. Have you any of those quotations with you that you can give us?

Mr. NORRIS. Yes, sir.

Mr. BANNON. Are the prices the same to all?

Mr. NORRIS. Substantially.

Mr. STAFFORD. Are these the prices generally quoted at the place of manufacture f. o. b. or point of delivery.

Mr. NORRIS. They are generally quoted as delivered in New York.

Mr. STAFFORD. You realize, Mr. Norris, that if we are going to investigate these prices with scientific accuracy, or anything approximating to that, we must have some accurate data. To talk generally about the price per ton, and the price in some cities and the price in others, will not do. I want to have accurate data so far as you can furnish it.

Mr. NORRIS. I can furnish you accurate prices, so far as quotations are concerned, from last September, from early in the fall up to the 1st of January, in nearly every large consuming point in the United States.

The CHAIRMAN. And you will do that?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Will you furnish us also or testify or give us data in reference to the allegation of your association that the cost of paper to users is at least \$60,000,000 greater now than it was a little while ago?

Mr. NORRIS. I will be delighted. Are you not under a slight misapprehension, though, as to what that statement was—the statement that those folks had planned an addition of \$60,000,000 to the burdens? All of it had not been raised on the news print paper. The price had already been raised \$12 per ton.

The CHAIRMAN. I do not think I was mistaken as to the allegation that was made. What we want to get at are the facts, whether a mistaken allegation was made or not. What we want to get at are the facts. I have a number of letters in which gentlemen state on their own authority—and we may give them the authority to state before the committee—that the cost next year under present prices will be \$65,000,000 greater than it was a year ago.

Mr. NORRIS. That statement is based upon this fact: The president of the International Paper Company states that the present output of paper is 4,000; he has stated that in published announcements that I will furnish to the committee.

The CHAIRMAN. Yes, if you will quote what somebody else states and give us a reference as to where we can reach the thing itself, we will be very glad. You must remember this distinction, Mr. Norris, with all due respect to the newspapers, that this report that we shall make is not to be of the nature of a published article in a newspaper which can be denied the next day. If we make a report we will not deny it the next day. We want accurate information upon which to act.

Mr. NORRIS. We hope you will not deny it. We are in precisely the same position that you are in. I did not know that you were to have a hearing to-day, and until two hours ago I did not know just exactly in what function or capacity I was to appear before you.

The CHAIRMAN. You understand we are not criticising you in any way whatever.

Mr. NORRIS. Yes. In 1901, I think it was, the Industrial Commission met. I was selected by the Industrial Commission as the witness in behalf of the newspapers to testify with respect to the conditions of the print-paper trade from the newspaper standpoint, and I was asked to furnish a statement of the relations of the newspapers to the print-paper manufacturers and the effect of the various movements which had been made toward combinations of paper manufacturers and concentration of their business. I was also present on December 31, 1896, at the meeting of the Ways and Means Committee when Mr. Dingley presented the protest on behalf of the American Newspaper Publishers' Association against the adoption of a specific duty of \$6 per ton and the increase in the rate on pulp from \$1.20 to \$1.67 per ton, and at that meeting—

The CHAIRMAN. When was that?

Mr. NORRIS. That was on December 31, 1896.

Mr. SIMS. When you say "per ton" you mean a hundredweight?

Mr. RIDDER. Oh, no; per ton.

Mr. NORRIS. One hundred and sixty-seven cents per ton on pulp, and \$6 per ton, or three-tenths of a cent per pound on print paper. I appeared before that committee to charge that the paper manufacturers of the country were then combining to create a selling agency, to concentrate the output of paper, to regulate the trade, and to increase the price, which was then below \$35 per ton, to \$50 per ton. At that meeting there appeared William A. Russell, Hugh J. Chisolm, Warner Miller, Wellington Smith, and A. G. Payne, representing the American Paper and Pulp Association, to get the specific rate of \$6 per ton on paper and \$1.67 on pulp; and that committee, through Mr. William A. Russell, its chairman, undertook to deny that any combination to increase prices was possible or was in contemplation.

Mr. RYAN. Right there, was there a combination at that time?

Mr. NORRIS. There was merely an understanding to come together. It was not actually brought together until about twelve or fourteen months after that meeting. It was organized, I believe, in February, 1898.

Mr. RYAN. That was after the enactment of the Dingley law?

Mr. NORRIS. After the enactment of the Dingley law, following the Dingley law.

Mr. STAFFORD. The tariff on print paper had been the same under the prior act.

Mr. NORRIS. Excuse me; it had not been, and that is a misapprehension that I am glad you speak of, in order that I may have the opportunity to give the information.

The CHAIRMAN. Let us locate when this meeting was.

Mr. NORRIS. I think it was December 31.

The CHAIRMAN. What year?

Mr. NORRIS. Eighteen hundred and ninety-six.

The CHAIRMAN. Why did you say that it was after the passage of the Dingley law?

Mr. NORRIS. The organization of the National Paper Company was in February, 1898.

The CHAIRMAN. I understood you to say that was after the passage of the Dingley law.

Mr. NORRIS. The appearance of that committee?

The CHAIRMAN. Yes.

Mr. NORRIS. Oh, no.

The CHAIRMAN. You change the dates so fast that I can not keep up with you.

Mr. RYAN. This hearing before the Ways and Means Committee occurred when?

Mr. NORRIS. On December 31, 1896, and the Dingley bill was passed in June or July, 1897, and the International Paper Company was organized about February, 1898, so that there is a sequence or lapse of an interval of about seven months after the Dingley hearing before the Dingley bill passed, and another seven months between the passage of the Dingley bill and the creation of the International Paper Company. Now does the committee want me to furnish a copy of that piece of history?

Mr. RYAN. We can get the hearings.

The CHAIRMAN. Of what?

Mr. NORRIS. Of my statement before the Dingley committee.

The CHAIRMAN. We have that. We want facts. We have the public information that is on the record here.

Mr. SIMS. We have no information about that meeting in 1898, though, organizing the American Paper Company.

Mr. RYAN. Won't you please explain, in answer to the question propounded by Mr. Stafford, what change, if any, was made in the duty on wood pulp or print paper by the Dingley law?

Mr. NORRIS. Yes, sir. The hearing before the Dingley committee was on December 31, 1896, and the International Paper Company filed articles of incorporation on Monday, January 31, 1898.

Mr. SIMS. That is the present combination or trust?

Mr. NORRIS. That is a large paper company that is cooperating in a combination that is producing results which are oppressing the publishers.

Now, replying to the inquiry with respect to the increase of the tariff, the rate under the McKinley bill and the rate under the Wilson bill was 15 per cent.

The CHAIRMAN. You mean on print paper?

Mr. NORRIS. Yes; on print paper.

Mr. RYAN. That is ad valorem?

Mr. NORRIS. Yes; ad valorem. The Dingley bill changed that to three-tenths of a cent a pound, or \$6 a ton. The fact of the matter was, if paper had been selling in Canada at 2 cents a pound, or \$40 a ton, there would have been no change in the tariff; but paper was not selling in Canada at that price at that time or about that time. It was selling for about \$32 to \$31 per ton, which would make the duty about \$4.50 and not \$6 per ton. I therefore emphasize the fact that the duty was raised by the Dingley bill and that all of the statements which have been made that there has been no change in the tariff are wrong.

Mr. STAFFORD. But there was a substantial tariff on print paper prior to the enactment of the Dingley law.

Mr. NORRIS. There was a tariff of 15 per cent ad valorem.

Mr. RYAN. It was changed, then, to a specific tariff?

Mr. RIDDER. A minimum tariff.

Mr. NORRIS. That was \$6 per ton on paper, or less than 2 cents. I do not know whether when it got to 2 cents the duty went to \$8 per ton or whether it did when it exceeded 2 cents. I know that the Canadian manufacturers now, in making their sales to Canadian newspapers, are extremely careful to sell it at the mill at not above \$1.98—that is, \$39.60—in order that they may be inside the tariff rate.

Mr. STAFFORD. Is that the rate throughout Canada for print paper at the present time?

Mr. NORRIS. The rate throughout Canada at the present time varies slightly. There is evidence—I will give you a memorandum of the invoice number if the stenographer will send me a reminder of it—

The CHAIRMAN. We can not agree to that; we can not put that burden upon the stenographer; but if you want us to do it that is another proposition.

Mr. NORRIS. Excuse me, I will simply make a note.

In March, 1908, Booth, of Ottawa, sold paper to the Houston Chronicle, of Houston, Tex., paper made at the Laurentide mill, Canada, at \$36 per ton.

Mr. STAFFORD. Was that an exceptional price owing to an exceptional condition, or was that the average price throughout the country at that time?

Mr. NORRIS. I have a record of that one price through the consul records, but I will give you possibly what you will think is a better standard, that the general appraisers who have been passing upon imports of paper into the United States have fixed as the standard price in Canada at the present time, or the controlling one for substantially the last few months, at \$38 per ton.

Mr. SIMS. What was the duty on wood pulp under the Wilson law?

Mr. NORRIS. \$1.20, and \$1.67 under the Dingley law.

Mr. SIMS. Per ton?

Mr. NORRIS. Per ton; yes.

Mr. SIMS. And \$1.67 under the Dingley law?

Mr. NORRIS. Yes.

The CHAIRMAN. What do you mean by the amounts \$1.20 and \$1.07?

Mr. NORRIS. \$1.00 per ton on wood pulp.

The CHAIRMAN. Was that the rate under the Wilson law?

Mr. NORRIS. I understand.

The CHAIRMAN. Where did you get that rate from?

Mr. NORRIS. An export duty of 2.

The CHAIRMAN. And I beg pardon, you say 2.

Mr. NORRIS. I do not.

The CHAIRMAN. No.

Mr. NORRIS. It was the duty on the 10th of July.

The CHAIRMAN. I am sorry to hear that you are in either one of these cases.

Mr. NORRIS. I am sorry to hear that you are in either one of these cases.

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The CHAIRMAN. I am sorry to hear that you are in either one of these cases.

Mr. NORRIS. I am sorry to hear that you are in either one of these cases.

Mr. NORRIS. Testify now?

Mr. RYAN. Yes; as to the conditions now, Mr. Norris?

Mr. NORRIS. I will testify to conditions now—do you mean merely as establishing the history of the situation at that time?

The CHAIRMAN. We are perfectly willing to have a statement of that part of the Industrial Commission's report; of course that is all public information. We would be very glad to have it if you have it printed.

Mr. NORRIS. I assume from the remarks of one gentleman that one of your first inquiries will be as to the question of price. Shall I testify as to what I know from publishers as to the increase in prices?

The CHAIRMAN. Wouldn't it be better for you to testify to what you know yourself about it? You are running a newspaper?

Mr. NORRIS. I have had letters—

The CHAIRMAN. No; but about your own business.

Mr. NORRIS. My own business is in a very peculiar situation, and I am under embarrassment in talking about our particular contract for paper supply. If, however, the committee asks for it, and I must state, I assume that I will disclose it.

The CHAIRMAN. We would like to have it.

Mr. NORRIS. We have a contract—I wish it put on record that in making this statement I am doing it as the result of inquiry of the committee.

The CHAIRMAN. Very well; we have that right.

Mr. NORRIS. In 1905—may I give you a slight explanation leading up so that you can understand clearly what the situation was under which the contract was made?

The CHAIRMAN. Certainly.

Mr. NORRIS. In December, 1904, or January, 1905, there was a contest on between the International Paper Company and the Great Northern Paper Company, the International Paper Company controlling 30 paper plants, and the Great Northern Paper Company operating two paper plants in the State of Maine, growing out of the fact that the Great Northern Paper Company had captured the order of the New York Herald, which was approximately for 60 tons of paper per day—

The CHAIRMAN. Excuse me, but was the Great Northern Paper Company confined exclusively in its operations to Maine?

Mr. NORRIS. It has only two plants, one at Madison, Me., and Millinocket, Me. There is another mill going up a few miles below Millinocket. But substantially two plants in the State of Maine. The International Paper Company then called on us to see about getting us—that is, the New York Times—away from the Great Northern Paper Company, as an offset to the depletion of its order of the New York Herald. We imposed a number of conditions upon the paper company, or rather insisted upon terms which we thought would be satisfactory to us, and finally the paper company made to us a proposition that it would place our order in its best mill, in what the vice-president and the manager said was the best mill of the paper company, and would do with us as he had done with two other consumers of paper—namely, the New York Journal and a Chicago paper—

The CHAIRMAN. What Chicago paper?

Mr. NORRIS. The Chicago Daily News; and would deliver the paper to the consumer at cost of production, cost of manufacture, plus freight and storage, with an allowance for administration and insurance, and a profit of \$7.50 per ton; that, upon his calculation, the cost to us under that arrangement would be less than \$1.90 per hundred pounds, or \$38 per ton; and that that maximum price might be put at 2 cents per pound, or \$40 per ton; that there was every reason to believe that the cost would be materially under \$1.90. After negotiation, an arrangement was made whereby we would get our paper at a price which was as low as that of any other customer of the International Paper Company, and that the cost would be substantially not over 2 cents. If it did go over, it would be subject to the option of cancellation. We have operated under that plan since the 1st of January, 1906. That agreement made verbally in January, 1905, was executed in March, 1905, and began, so far as the New York Times was concerned, January 1, 1906, though it applied to a Philadelphia connection before that time.

The CHAIRMAN. Will you furnish us with a copy of that agreement; that contract?

Mr. NORRIS. I will if you demand it.

The CHAIRMAN. We ask for it.

Mr. NORRIS. I simply must save my face at the office.

The CHAIRMAN. Of course that is proper. We can not tell how pertinent it is until we get the information.

Mr. SIMS. You are still living under that contract?

Mr. NORRIS. We are still living under it; and it operated under one alternative of that contract for seven quarters, which was for twenty-one months, on a basis of \$1.90 per hundred pounds. That was until the 1st of October, 1907. The contract had a clause in it which provided for a cancellation by the company if we should demand the \$1.90 rate. We never formally demanded the \$1.90 rate, but it had been given us prior to that time, and it was stopped at that time; and subsequent to October 1, 1907, the other arrangement was made to apply, although on the 1st of October—or rather in October—as a result of the cancellation of that arrangement we received a claim from the International Paper Company for a payment on the basis of cost of production in excess of \$1.90, which brought into operation another clause of the contract, namely, the right of audit. Under that right I went to the International Paper Company's office and examined the accounts of the Hudson River Mill, the accounts which bore on the cost of production of paper at that mill for the twenty-one months from January 1, 1906, to December 31, 1907.

The CHAIRMAN. You say that you examined the accounts of the mill?

Mr. NORRIS. I did.

The CHAIRMAN. Did you make any data with reference to it at the time?

Mr. NORRIS. Copious.

The CHAIRMAN. Are you willing to furnish that and swear to it here to the committee?

Mr. NORRIS. I will if the committee demands it.

The CHAIRMAN. The committee wants it. We want any information we can get.

Mr. NORRIS. All right, sir; but I mean that it places me in a peculiarly embarrassing situation.

The CHAIRMAN. I understand; but the House has ordered an investigation of this matter—

Mr. NORRIS. I understand. I checked up all of the expenditures with respect to the cost of manufacture—not all of the expenditures, but I checked up the items with reference to repair and with reference to labor, manufacturing, and repair, because there was a disputed question between us as to the interpretation of the clause of the contract—for instance, the details of that arrangement provided that all of the repairs necessary to maintain the mill in its present condition of efficiency should be included in the cost of manufacture, and under that I went through the items of repair, checking up the supplies as well as the labor, and also obtained data from their books with respect to the cost of manufacturing, labor, and also so far as they would permit me to obtain it, data with respect to the cost of wood furnished to the company, but the company refused to give me what I claimed was the material factor in that audit, the cost of the wood. It would only give to me the monthly report of two subsidiary companies which supplied the wood to that mill. One was the Champlain Realty Company, operating principally in the Adirondacks, and the other was the St. Maries Lumber Company operating in Canada and furnishing substantially 80 per cent of the wood used at that mill.

Mr. SIMS. Right there, let me ask if there is any duty on pulp wood coming from Canada to the United States?

Mr. NORRIS. No duty on wood.

Mr. SIMS. Then they are getting their wood supplies free of duty to the extent of 80 per cent of their entire output?

Mr. NORRIS. That is right.

The CHAIRMAN. There is no duty on pulp wood?

Mr. NORRIS. No duty on pulp wood. I undertook to ascertain the cost of paper there, what it had been—

The CHAIRMAN. Can you tell us the result of that?

Mr. NORRIS. There was a slight disagreement between us. I insisted that it did not exceed \$27 per ton f. o. b. at the mill for manufacture, and when I presented a report which was to the publisher of the New York Times, and which was transmitted to the International Paper Company, its accountant sent a reply wherein an attempt was made to correct me and to show that the cost was substantially \$28 per ton f. o. b. at the mill, subject, however, to slight claims, considerable claims, on differences between them, as to whether improvements made upon the mill should properly be charged to repairs. In the year 1906, with another accountant in charge of their books, the improvement jobs had not been charged as repairs. In 1907 those improvement jobs, amounting to \$24,000, had been included in the cost of repair upon which we were assumed to pay, and which we disputed. They were concededly for expenditures which did increase the efficiency of the plant.

The CHAIRMAN. When did this contract commence to operate?

Mr. NORRIS. January 1, 1906.

The CHAIRMAN. When was this examination made by you?

Mr. NORRIS. December, 1907, and January, 1908.

The CHAIRMAN. Just the one examination is all that you had?

Mr. NORRIS. Oh, I spent five or six or seven weeks——

The CHAIRMAN. I understand, but have you made more than one examination?

Mr. NORRIS. I had made only the one examination; that is, I had started on about November or December, I am not clear which, first visiting the Hudson River mill and then later on going to their office, receiving their vouchers, checking them up, passing upon them, and undertaking to satisfy myself with respect to the accuracy of the charges, not so much with reference to the bookkeeping end of it as with respect to the method of interpretation of the contract as to what items were properly chargeable on repair accounts, what items were not, what items were fairly chargeable in wood, and what items were not.

The CHAIRMAN. The bills had been paid at that time, I suppose?

Mr. NORRIS. On the \$1.90 basis they had been paid.

The CHAIRMAN. Was this to ascertain whether the \$1.90 basis was correct or not?

Mr. NORRIS. That is right. All those payments had been made prior to this question having been raised.

The CHAIRMAN. I understand.

Mr. NORRIS. And as a result of my study, I had claimed that the paper company owed money to us instead of its claim that we owed money to it. That matter is still pending. The contract provides for arbitration, each side to select one and the United States district judge to pass finally as between the two arbitrators.

The CHAIRMAN. That, of course, is a matter of public property in a way. How much were your paper bills for the year 1906 on this contract?

Mr. NORRIS. I do not carry them in my head, but I think our print bills approximated 7,000 tons, which would be about 23 tons per day of six working days, and at \$1.90 would be about \$266,000 per annum.

The CHAIRMAN. Six working days?

Mr. NORRIS. Six working days at the mill. I simply divide by 300 to ascertain what would be about the daily output of the mill to keep us going. In addition to the New York Times we also had two other accounts which entered into it incidentally, but the New York Times was the main account.

The CHAIRMAN. Would that same amount be true of the year 1907?

Mr. NORRIS. Up to the 1st of October; yes, sir.

The CHAIRMAN. And after the 1st of October, what?

Mr. NORRIS. I do not know whether you were here when I explained about the alternative arrangement—that is, that there were two prices fixed in the contract, one being the cost of manufacture, which, if it exceeded 2 cents per pound, was to be subject to cancellation, and the other was on the basis of the lowest price to any other customer.

The CHAIRMAN. I understand that.

Mr. NORRIS. Which was \$1.90.

The CHAIRMAN. But I want to get at the facts.

Mr. NORRIS. But I wanted to explain why, that question having been raised with respect to the \$1.90 rate. There was an option reserved by the paper company that if we should demand the \$1.90 at any time, and the price should go above, that then it would have the right of cancellation on the whole contract, and it did attempt to

cancel it; and we showed that we had never demanded that figure; that it had been simply billed to us as a result of the fact that the market at that time everywhere—Baltimore, Pittsburg—was \$1.90.

The CHAIRMAN. What, in fact, did you pay for the paper after the 1st of October?

Mr. NORRIS. We paid for the paper at 2 cents, and subject to the readjustment.

The CHAIRMAN. Was this readjustment to go back to the 1st of October in any event?

Mr. NORRIS. Oh, yes.

The CHAIRMAN. What was the amount?

Mr. NORRIS. They claimed substantially for the two years \$21,000; that is, \$21,000 in a contract aggregating, I should say, over \$700 a week.

The CHAIRMAN. I do not understand what you mean by "they claimed \$21,000?"

Mr. NORRIS. The paper company claimed \$21,000—not quite \$21,000, but \$20,000 plus.

The CHAIRMAN. For what?

Mr. NORRIS. For excess of cost over the \$1.90.

The CHAIRMAN. Under the contract of arrangement?

Mr. NORRIS. Yes.

The CHAIRMAN. And you were paying \$1.90 up to the 1st of October?

Mr. NORRIS. Yes.

The CHAIRMAN. Then the paper company claimed that there was an additional amount due above the \$1.90 prior to the 1st of October?

Mr. NORRIS. That is right, at a figure which would have made the price somewhere between \$1.92 and \$1.95.

The CHAIRMAN. And after the 1st of October it was billed to you at \$2?

Mr. NORRIS. Yes.

The CHAIRMAN. Will you furnish us with the exact figures upon this? I suppose that is an easy matter to do, as to the amount of paper and the amount of the bill for the year.

Mr. SIMS. There is another thing, and that is a copy of the report that Mr. Norris made as to the cost to the mill being \$27 and then the report that the mill company made to Mr. Norris of a cost of \$28—I am speaking of it in round numbers—so that we can see the difference.

Mr. RYAN. That is, you want the report that Mr. Norris made to his employer?

Mr. SIMS. Yes; and then a copy of their report which they made.

The CHAIRMAN. And also the data which he made at the time. Anything that gives information upon this.

Mr. NORRIS. This is really going into the inwards of a newspaper.

Mr. SIMS. It will certainly throw some light upon the case.

Mr. NORRIS. If I had known this I would not have come here.

The CHAIRMAN. What are you paying now?

Mr. NORRIS. Two cents.

The CHAIRMAN. Under the same arrangement?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. That is on the basis of paying a certain amount for cost, and \$7 a ton profit, under the provision in the contract?

Mr. NORRIS. There is a provision in the contract for a maximum of 2 cents, and if the paper cost shall exceed 2 cents there is an option of cancellation after a given interval has elapsed.

The CHAIRMAN. How long is that contract made for?

Mr. NORRIS. Five years.

The CHAIRMAN. Five years from the 1st of January, 1906?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. It runs to the 1st of January, 1911. You say that there is an option of cancellation, giving the paper company the right to cancel it. Have they endeavored to exercise that option?

Mr. NORRIS. They have had an option with respect to two clauses; first, with respect to the price in case we should demand the \$1.90 rate, which it attempted to exercise until we showed them that we had never formally demanded the \$1.90 rate; and then they abandoned that phase of it, and we proceeded on the basis of \$40, but on the explanation that the \$40 does not necessarily indicate cost. The provision was that we should pay 2 cents a pound, and that if the cost should go under 2 cents we would get a rebate, and if it should go over we should pay it to the paper company.

Mr. SIMS. Or they could have the privilege of cancellation?

Mr. NORRIS. Yes, sir.

Mr. STAFFORD. What rates did you have on this \$7 per ton profit arrangement in addition to the cost of manufacture?

Mr. NORRIS. That was added in as an item in determining the price which we should pay.

Mr. STAFFORD. Is that clause now operative?

Mr. NORRIS. It is now operative.

The CHAIRMAN. How will you be affected by this talk about increase of cost of paper; how does that affect your company?

Mr. NORRIS. I am not here for our company.

The CHAIRMAN. Well, I know; but you are a witness before us?

Mr. NORRIS. I mean I am not here appealing on behalf of the New York Times for anything, or presenting anything—

The CHAIRMAN. We know that; we appreciate that; and what I have said is no reflection at all.

Mr. NORRIS. You mean how that interests us especially?

Mr. MANN. No; how would it affect the New York Times Company as to cost?

Mr. NORRIS. In this way: We are looking ahead to the time when that contract may expire, either by the exercise of the option or from any other cause; and even if it may not be until the expiration of the contract period, we recognize the fact that paper mills can not be established—can not be built—inside of two years ordinarily, a completely equipped paper mill; and that if we do not look ahead we might be caught in a situation where we would suffer by reason of the extremely high price of paper.

The CHAIRMAN. Under this contract with the International Paper Company, can it cancel its contract so as to raise the price of paper on you?

Mr. NORRIS. It would have great difficulty in showing—it could not show—that the cost of paper was more than 2 cents in any one quarter.

The CHAIRMAN. And it can not cancel the contract?

Mr. NORRIS. It can not until the cost exceeds that; and there is this feature of the contract which makes it almost unworkable, that is, which makes it difficult of application by reason of the fact that the company is required to furnish to us at the end of each quarter a statement of the cost of production for the preceding quarter. We usually obtained that on the 24th of the month following the quarter, but when I made my inquiry I found that the paper company could not possibly ascertain the cost of its wood until about eighteen months after the wood was cut in the woods; that it was not possible in the next quarter to submit to us any statement of cost of the wood; that for the year 1906 it had carried over claims into the year 1907 for wood account which were charged against the wood account of 1907, and on which the wood account of 1907 was credited, whereas when they were settled they belonged in the 1906 account, did not belong in the 1907 account, and therefore they could not be applied in the 1907 quarters; and therefore it meant a lapse of anywhere from twelve to fifteen months between the cutting of the wood and the ascertainment of the actual cost of the wood.

Mr. RYAN. When you mention the cost of production of print paper, you include in that this profit spoken of some time ago?

Mr. NORRIS. The \$7.50—oh, yes.

Mr. SIMS. That is included in the \$40?

Mr. NORRIS. Forty dollars is not a cost. The \$40 represents an arbitrary which was to be a base line on which we were to get rebates if the cost were less and on which we were to pay more if it exceeded.

Mr. SIMS. That is, the cost under the contract?

Mr. NORRIS. No; \$40 a ton represents not the actual cost; it represents an assumed arbitrary figure as the basis for making settlement each month until the quarterly accounts could be adjusted and these rebates passed.

Mr. SIMS. But you always allow the \$7.50 profit on the contract?

Mr. NORRIS. That \$7.50 is in that \$40 and was in the \$38 prior to October 1.

Mr. SIMS. You stated here that it is now about \$50 per ton, therefore you are going to get paper from the International Paper Company by reason of this contract at \$10 less than the market price?

Mr. NORRIS. That is assuming that the price for the last quarter is only \$2. I understand, indirectly—we have not yet received any figures from them, but it may show \$2.20, but that does not mean all that it might be construed to mean, for this reason, that it represents an arbitrary raise in the price allowed by the paper company to the wood companies, the subsidiary companies, as a price for their wood, an increase, I think, of from \$2 to \$2.50 per cord, which was put on the St. Marie's Paper Company as of January 1, and on which they attempted to put it on the Champlain Realty Company as of January 1 until I objected—

Mr. SIMS. Now, right there, in figuring the cost of wood to you it was at the price they paid the subsidiary company, but not at the price the subsidiary companies paid for the wood?

Mr. NORRIS. That is right, and not the cost of it to the subsidiary company. At the beginning of the year they make a contract with the subsidiary company by reason of which they establish a basis, and then seventeen or eighteen months after they make an account—

ing—that is, in the month of November, 1907, they finally adjusted the wood account for the year 1906.

Mr. SIMS. The International Paper Company owning the subsidiary company—

Mr. NORRIS. I do not know that it owns it; I assume that it owns all.

Mr. SIMS. But you called it a “subsidiary” company.

Mr. NORRIS. It is called by the company in the contract the subsidiary company, but whether as a subsidiary company the International Paper Company owns all the stock or not, or merely the control I do not know.

Mr. SIMS. I say control; is that correct?

Mr. NORRIS. Yes; because the general manager of the paper company makes a contract with himself as president.

Mr. SIMS. That is what I am trying to get at. If they control the subsidiary company, can they not make arbitrary prices, and if they are to allow the subsidiary company—

Mr. NORRIS. That is exactly what I insist, and therefore to the extent that the cost of wood enters into the cost of manufacture they were depriving us of the audit of the cost of the paper.

Mr. SMITH. You insisting that your contract required the cost of the wood to the subsidiary company to be—

Mr. NORRIS. That it was the cost of the wood, to be known by a statement made by the subsidiary company to it as the contract price at the beginning of the year, although they did furnish to me later a statement as to the operations of the wood company and a calculation as to what was the cost of the wood, but they would not give me access to any of those figures, and they would not let me know how much of this expenditure had been made for the improvement of rivers which did not enter into the cost of the wood, or what part of them was administration, or any of the infinite number of items that might be factors in their total cost and yet not items in the actual cost of the wood furnished to us.

Mr. RYAN. How many mills does the International Paper Company control?

Mr. NORRIS. Offhand, I should say 31 or 32.

Mr. RYAN. What percentage of the paper of the United States do they manufacture, about?

Mr. NORRIS. Of news print paper?

Mr. RYAN. Yes.

Mr. NORRIS. Approximately 1,200 tons a day. It manufactures of paper bagging paper about 350 tons a day, I think. I think the output of the Laurentide Mill, sometime back—I am not clear about it, however—was approximately 1,600 tons a day of all kinds, of which 1,200 tons was in news print paper. Of that 1,200 tons it has been sending abroad—so I see from the statement from Mr. Chable, the secretary of the American Paper and Pulp Association, and the foreign manager of the International Paper Company—that it is sending abroad 150 tons a day as compared with 25 tons a day when the International Paper Company was organized. When that company was created it was rated at about 1,600 tons capacity, and the mills were bought on that basis.

The CHAIRMAN. What company is that?

Mr. NORRIS. The International Paper Company. The first consolidation was 1,460 tons, 24 mills; and during the course of the year 6 other mills were taken in, increasing it to about 1,600. That was more or less of news print paper. It is now turning out 1,200 tons of news print paper. Some of these mills have been deflected to other uses, one having been dismantled, and of the 1,200 tons its foreign salesman, Mr. Chable, had published a statement that it was sending 150 tons abroad, so that it is actually producing less news print paper to-day than ten years ago.

Mr. RYAN. What percentage of the news print paper produced in this country is produced by this company?

Mr. NORRIS. My information is not as complete as that of Mr. Burbank. Mr. Burbank is quoted in the Evening Post in an interview, a copy of which I will give you, as stating that the news print paper output of the company is between 4,000 and 5,000 tons per day. I have assumed 3,600 tons per day as the output. That would give to the International Paper Company 30 to 33 per cent of the total output, and it had, when it was incorporated, 98 paper-making machines, of which more than half were then rated as antique. I have playfully referred to them as junk.

Mr. RYAN. If they only produce one-third of the news print paper of the country, how do they control it if there are not some other combinations outside of it?

Mr. NORRIS. There was a combination in the Western States known as the General Paper Company, a combination of twenty-odd mills in Wisconsin, Michigan, and Minnesota. It was rated at an output of something like 700 or 800 tons per day. I have a list of the output of these various companies partly compiled from the paper-trade directories and guided partly by Mr. Tirrell in his speech in Congress.

The CHAIRMAN. We have here Lockwood's Directory of Paper. Is that considered reliable?

Mr. NORRIS. It is accepted in the paper trade upon those points, because, as I understand it, the figures are furnished by the mills themselves to it, although I do not want to give a certificate of reliability to all of the publications of the Paper Trade Journal, because in the famous North letter his quotations of paper prices were based upon the quotations in that publication, which were anywhere from \$8 to \$12 out of the way.

Mr. SIMS. What is the difference between print paper manufactured in Canada and paper of the same quality manufactured in the United States, the difference in price per ton?

Mr. NORRIS. The consular board, or appraising body, has fixed the selling price in Canada at \$38 per ton.

Mr. RYAN. Is that f. o. b. at the Canada factory or mills?

Mr. NORRIS. Yes; and the Canada mills have been selling paper in the United States to publishers at lower quotations than they could obtain from the paper companies in New York. I note the case of the Woman's Home Companion, of Springfield, Ohio, I think, which applied to the International Paper Company for its paper supply, and was referred to Mr. John A. Davis, of the St. Regis Company, by it; and the representative of the Woman's Home Companion had obtained a quotation from Mr. Davis of \$50 a ton,

but was, by telegraph, making a contract with the Laurentide Paper Company for paper at a dollar a ton less, duty paid, than he could buy from the American mills.

Mr. SIMS. What is the difference in the price of pulp wood in Canada and in the United States?

Mr. NORRIS. I do not know. That opens up a very large question of this character: The paper companies have been buying extensively wood lands, timber rights—

Mr. SIMS. In Canada?

Mr. NORRIS. In Canada. In Canada the International Paper Company, Brown of the Berlin Mills, the Union Bag and Paper Company—I can furnish you a list from the paper trade journals of the various holdings of the American companies in Canada. I had the information from Canada of the holdings of the International Paper Company in one land office in Canada at 2,597 square miles.

Mr. SIMS. By owning that pulp wood timber there and then permitting them to bring it in free of duty to the United States, is that not a discrimination against timber owners in the United States of like timber?

Mr. NORRIS. Well, the information, so far as we have it, coming largely from the census reports, indicates that the holdings of spruce are being concentrated in the ownership of the large paper companies.

Mr. SIMS. Of the United States?

Mr. NORRIS. Of the United States; and that instead of cutting the timber from their own lands they are buying outside and conserving their own supplies, but incidentally they are creating a scarcity in the wood markets to the extent that they do not cut from their own land. There was a statement made by Mr. W. B. Dillon, vice-president of the Great Northern Paper Company, in the New York Herald—I have a copy of the statement here—wherein he undertook to give the reasons for the increased cost of paper, and attributed it first to increased cost of labor, increased cost of wood, increased cost of freight. I sent to the Interstate Commerce Commission for some data with respect to increases in the item of freight, but I was unable to ascertain where increases had occurred by the railroad companies or where the burden of cost had been increased.

In the matter of wood, he stated this formula: That 1,000 acres of spruce land would reproduce enough spruce, yield enough spruce, to produce 1 ton of paper indefinitely; that is, that after the cutting the reproduction of spruce would provide an indefinite yield of 1 ton of print paper per day; that the Great Northern Paper Company owns 640,000 acres, or 1,000 square miles, of timber land; that its output was approximately 450 tons per day, and therefore it had a large margin in excess of its requirements, so that it did not have to go outside to buy any paper. Applying that same formula to the International Paper Company, which controls and owns timber lands and timber rights to the extent of 4,000,000 acres, you have a situation where the paper company has rights to land sufficient to reproduce indefinitely timber enough for three times the present output of the International Paper Company.

Mr. SIMS. They have that now in Canada, if I understand you?

Mr. NORRIS. In the United States and Canada; and that if that formula be accurate it has no occasion for going outside at all.

The CHAIRMAN. Who is the author of that formula?

Mr. NORRIS. The first place that I saw it was in the statement of W. B. Dillon, the vice-president of the Great Northern Paper Company.

Mr. SIMS. Taking all the elements that enter into the cost of manufacture of paper, can it or not be manufactured as cheap in the United States as in Canada, including all the elements of cost?

Mr. NORRIS. I have the authority of William A. Van Horn, the principal stockholder and one of the large factors in the Laurentide Company, of Grandmere, that Canadian mills are at a disadvantage in competition with American mills by reason of the fact that the American mills have more skilled labor, they have proximity to their market, they have cheaper supplies, they have cheaper machinery, they have better rates for export, and also better marine rates. There is an advantage for the American mills in that, according to the claim of Mr. Chable, the former manager of the International Paper Company. American paper will command a $7\frac{1}{2}$ per cent higher price in British markets than other papers by reason of the fact that it is of a better quality.

The CHAIRMAN. I understood you to say a while ago that the Woman's Home Companion had recently made a contract for the purchase of Canadian paper at a lower price than could be obtained on this side. Did I understand you correctly?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. We have been led to believe by the statement of a member of your association that all the paper in Canada, the surplus above the home consumption, had been bought up by the paper trust.

Mr. NORRIS. The basis for that statement is a statement made by Mr. Chable, the foreign manager, wherein he stated that the International Paper Company had placed in Canada a contract for 17,000 tons of paper for export business.

The CHAIRMAN. Is that the whole basis for the statement?

Mr. NORRIS. No, sir. There was also the statement of various members of the association at the meeting in New York City in September that when they attempted to obtain prices from the Canadian mills they found that, in some way, there was an exchange of information between the American salesmen and the Canadian salesmen, and that offers which had been made to them by Canadian mills were subsequently adjusted to the prices of the American mills.

The CHAIRMAN. If that was the situation, why did it not apply to the Woman's Home Companion?

Mr. NORRIS. I do not know. The gentleman came up to my office on Saturday morning and asked me where to buy paper, and he called me up about two hours afterwards and told me he had telegraphed Laurentide and that he had closed with them at 5 cents less than he had been able to obtain from Mr. Davis; that the International Paper Company had refused to quote any price to him and had sent him to Mr. Davis. Mr. Davis had been the general manager of the General Paper Company previous to its dissolution by the United States court in May, 1906, and had then gone east and managed the firm of H. C. Craig & Co., consolidating the output of a number of small mills into a single handling of 750 tons per day, in addition to sales of other mills which were not marketed directly by that firm.

The CHAIRMAN. What is your claim now, or the claim of your association? Is it that you can buy Canadian paper cheaper than you can paper in the United States, or that you can not buy it cheaper? You gave an illustration a while ago to show that you could buy it cheaper.

Mr. NORRIS. That it had been bought cheaper. I gave you the most recent illustration of the price paid by the Houston, Tex., Chronicle, at Ottawa, to Mr. Booth, for paper, \$36 per ton, but there is a very limited capacity in the Canadian market.

The CHAIRMAN. I understood you a while ago to state that paper could be bought cheaper in Canada than in the United States, and you furnished these illustrations of it. Is that your claim, that paper can be bought cheaper in Canada than in the United States?

Mr. NORRIS. When it can be bought at all; when their order books are not filled.

The CHAIRMAN. How does it happen that your association all testify that there is this connection between the American paper salesman and the Canadian paper salesman if they can not buy paper cheaper in Canada than in the United States? What is the object of the connection if they have their orders all filled? It seems to me you ought to take either one or the other horn of the dilemma and give us the information.

Mr. NORRIS. We have not access to the councils of these folks. We do not know what methods they employ; we do not know what scenery they are setting up for public admiration.

The CHAIRMAN. That is the reason I am asking you for facts.

Mr. NORRIS. I understand, and I am trying to give you facts. I tell you where two or three papers have not been able to obtain the Canadian product. I also tell you that papers like the Boston Traveler were unable to make satisfactory arrangements. I also tell you that upon a supply—I do not know whether it was for Detroit or St. Louis—the railroad rates were so adjusted that on a purchase from the Laurentide mill for Detroit the rate from the Laurentide mill to Detroit, which is now divided between the Canadian Pacific and the Grand Trunk, could not be changed, and when it came to transferring the whole business to another line the rate was not 15 cents, but 20 cents, an increase of \$1 a ton, as if there were some understanding between the railroad companies and the shippers with respect to the routing and possible sale and distribution of Canadian paper in the United States.

The CHAIRMAN. Of course if there was a controversy about railroad rates, that is easily determined under the Hepburn law.

Mr. NORRIS. But this was in Canada.

The CHAIRMAN. If it comes into the United States?

Mr. NORRIS. It was in Canada up to Detroit.

The CHAIRMAN. But it has to come into the United States. Maybe they can not determine that; I do not know now. But this is what I want to know, if we can get at it: Is it the position of your association that Canadian paper can be bought cheaper, or that it can not be bought at all; or do you have no position upon the question?

Mr. NORRIS. Our position is that we give you the benefit of whatever information we have, and allow you to draw your own inferences.

The CHAIRMAN. I understand that; but we want to get the information. On the other hand, it has been claimed in various letters

which I have received—and that probably all the rest of the Members of Congress have received—that your association states that the International Paper Company, or the paper trust—I do not know which term they use—bought all the surplus paper in Canada, and that it could not be purchased at all.

Mr. NORRIS. There are a few instances where it has been purchased, not for any considerable quantities, but for small amounts. You have used the term "International Paper Company" and "paper trust" as synonymous. We do not couple them in that shape.

The CHAIRMAN. I did not use the terms as synonymous.

Mr. NORRIS. Excuse me; it was a misapprehension on my part.

The CHAIRMAN. I said the International Paper Company or the paper trust. Just what the paper trust is claimed to be is what we want to know. May I ask you another question? Do you know whether there are many other contracts outstanding like the contract with the New York Times?

Mr. NORRIS. None others, so I am told and believe.

The CHAIRMAN. You believe there are no other five-year contracts outstanding to that extent, where people could buy paper now at less than the present market price of paper?

Mr. NORRIS. Oh, many, many. There are the New York World contracts, the New York Herald contracts with the Great Northern Paper Company, and contracts of the International Paper Company with the New York Journal and with Chicago papers, and with papers throughout the country.

The CHAIRMAN. In regard to this so-called claim that the cost of paper is to be \$60,000,000 greater—and I do not undertake to say how far the American Newspaper Publishers' Association has gone, and I have no desire to bind them in any way, you understand—is that based on the total annual consumption of paper including the paper consumed by the New York Times and the other companies that have special contracts?

Mr. NORRIS. There is a margin there.

The CHAIRMAN. What do you mean by "There is a margin?"

Mr. NORRIS. There is a margin between the estimated total consumption and the estimated calculation there as to what is the price to which that applies; but it was intended to apply to all the paper output.

The CHAIRMAN. These figures were based upon the total consumption of paper?

Mr. NORRIS. That is right.

The CHAIRMAN. And not the consumption exclusive of these special contracts?

Mr. NORRIS. No, sir. If you will read the charge to the Attorney-General you will see that the charge is that these companies had planned to raise the price of all the paper supplies now, and as contracts expire, to \$2.50. That was what all of us understood would be our price, and what we understood would be our price if from any cause our contract should be canceled.

The CHAIRMAN. You made the statement, or some of your officials did, that the price was to be raised the 1st of January again.

Mr. NORRIS. That is right.

The CHAIRMAN. Was it raised?

Mr. NORRIS. Not to \$3; no.

The CHAIRMAN. As I say, I had not expected to have this hearing to-day, and my documents on the subject are nearly all at my room. My recollection is that you referred to an advance of \$10 or \$12.

Mr. NORRIS. The first advance was \$12.

The CHAIRMAN. And then an advance was to take place in January?

Mr. NORRIS. Not necessarily in January, but in 1908.

The CHAIRMAN. The statement made in Mr. Ridder's circular letter was not 1908 at all; but it was the first of January, 1908; as I remember it.

Mr. NORRIS. I have a copy of the letter here.

The CHAIRMAN. I do not care; it is not material. Did the advance take place? That is what I want to know.

Mr. NORRIS. It did not. Would you mind the interpolation of the reason why it did not take place?

The CHAIRMAN. What we want to get at is the facts. We have no objection to the interpolation of anything you want to say.

Mr. NORRIS. The fact was that by reason of numerous conditions, largely the business depression, and the shrinkage in advertising, and the decision of newspapers to curtail on their returns and to reduce their sizes, the consumption materially diminished in December, and in January had grown to a point where mills were being shut down, and whatever had been planned for January 1 would have certainly been held in abeyance pending that.

The CHAIRMAN. Well, the advance did not take place. The \$12 advance had taken place; when?

Mr. NORRIS. The \$12 advance had taken place as contracts expired in the latter part of 1907, or subsequent to May.

The CHAIRMAN. That was raising the price from \$40 to \$52 a ton?

Mr. NORRIS. No.

The CHAIRMAN. What was it?

Mr. NORRIS. It was an average advance of 6 cents a hundred or \$12 a ton upon the price, whatever it might be at the special locality.

The CHAIRMAN. What was the market price?

Mr. NORRIS. It would not necessarily be \$40 a ton at a point 500 miles away from New York.

The CHAIRMAN. Do you remember what the statement of Mr. Ritter was on this subject?

Mr. NORRIS. I have it here.

The CHAIRMAN. He gives the figures to which it was proposed to be raised. He stated that there was a threatened advance of \$22 a ton.

Mr. NORRIS. Here is what Mr. Ritter said (reading): "These legal combinations have imposed a burden upon consumers of all kinds of paper, and if carried out as indicated by the published utterances of the leaders of the various groups they will add at least \$60,000,000 per annum to the cost of paper as compared with two years ago."

The CHAIRMAN. That was not the circular letter to which I was referring.

Mr. NORRIS. I think it is.

The CHAIRMAN. Oh, no. He has a whole lot of circular letters. That is the one about the \$60,000,000 increase?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. That is not the one stating what advance had taken place and what advance was to take place.

Mr. NORRIS. I understood Mr. Ridder's price had been advanced in two years \$14 a ton—from \$1.75 to \$2.45. Mr. Ridder is now paying \$2.45; two years ago he paid \$1.75.

The CHAIRMAN. I was talking about this circular letter.

Mr. NORRIS. Well, it has increased from \$35 to \$49 per ton.

The CHAIRMAN. Have you made an estimate of the increased cost of paper now at the present market price, including estimated special contracts, over what it was a year ago?

Mr. NORRIS. The cost to the newspaper or the cost to the manufacturer?

The CHAIRMAN. No; to the users of paper.

Mr. NORRIS. As to particular consumers?

The CHAIRMAN. Throughout the United States.

Mr. NORRIS. I have not made an estimate as to the total increase in the burden. I called attention to the increase in the quotations which was a first increase of \$12 per ton, and subsequent notices of increases—for instance, Mr. K. P. Fullerton, in August, 1907, announced that he had sold paper at 3 cents per pound.

The CHAIRMAN. Who is Mr. Fullerton?

Mr. NORRIS. Mr. K. P. Fullerton is general manager of the Paper Company, of 41 Park row, New York City.

Mr. RYAN. You stated, in answer to a question a while ago, that Mr. Ritter was now paying \$49 a ton. Is that the price generally paid by newspaper men throughout the country, except by those you have mentioned who have those specially favored contracts?

Mr. NORRIS. Contracts that have not run out?

Mr. RYAN. Yes.

Mr. NORRIS. There are some contracts, as I understand, in Pittsburgh and other places that are subject to readjustment at the beginning of each year and of which I do not know; and there is also a very considerable contract placed in the West by the Scripps-McRae League for a supply aggregating, I understand, 30,000 tons per annum.

Mr. RYAN. The point I want to make is this: On contracts that were made by newspaper publishers where there had been no previous arrangement, and they were not made under any conditions that had been previously arranged, what price has been exacted from that class of men in the last year or six months?

Mr. NORRIS. Two dollars and fifty cents.

Mr. RYAN. What do you mean by \$2.50?

Mr. NORRIS. I mean \$50 a ton with a shading, where it was taken from some manufacturers under special conditions, of a 2 per cent discount.

Mr. RYAN. That is what I want to get at.

Mr. NORRIS. For instance, Mr. Bass, of Bangor, is within 7 or 11 miles of an International Paper Company mill. He had a comparatively low contract, and when his contract had expired he was informed that his price would be \$2.50, or \$50 per ton at the depot.

Mr. RYAN. Take this International Paper Company, or the mills that originally comprised this western combination that was dissolved. As I understood your evidence a few moments ago, the out-

put of both together was only about 50 per cent of the total output in the country. What opportunity is there for a man to obtain a contract with any of the other mills outside of those mentioned?

Mr. NORRIS. He does not appear to have any opportunity, for this reason: The members have sent in to me their letters where they have sent to ten or twelve paper companies and where they either refused to quote or quoted prices which were prohibitory. Each publisher found that the effect of the quotations of the various paper companies and paper salesmen was to fix definitely his trade with one paper company. He could not get satisfactory quotations elsewhere, indicating that he had been allotted to a particular paper maker, and he could go nowhere else. Mr. Haines, of the Paterson N. J., News, was told that precise fact in those words by Col. A. G. Payne of the New York and Pennsylvania Company, of 41 Park row, within the last month.

The CHAIRMAN. Is that gentleman here to testify?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. While we receive your testimony, in that instance we would prefer to have it first-hand.

Mr. RYAN. In regard to reducing the output of the different mills throughout the country, has that been confined to either of those combinations that you have mentioned, or is it very general throughout the mills in the country?

Mr. NORRIS. My information is that it is not confined to news print paper mills, but that it applies to all various kinds of paper and not merely to the mills formerly associated with the General Paper Company or the International Paper Company.

Mr. STAFFORD. Can you estimate the amount of print paper that is purchased under special contracts similar to the one with the New York Times and the two papers it publishes?

Mr. NORRIS. I haven't the slightest information in that regard. Paper contracts are regarded as confidential matters about which publishers very seldom talk with each other; and I think more has been told to-day about newspaper contracts than has ever been told before.

Mr. STAFFORD. Do you know whether or not the large metropolitan papers throughout the country have contracts similar to the one that the New York Times has?

Mr. NORRIS. I am assured, and am confident, that that is the only one of its kind remaining. There were two others.

Mr. STAFFORD. You have testified that not a few of the papers have special arrangements in the purchase of their print paper—

Mr. NORRIS. Unexpired contracts.

Mr. STAFFORD (continuing). You have mentioned the New York World and the New York Herald. Do you mean to say that they have not at present those arrangements?

Mr. NORRIS. They have not a contract based upon the cost of production.

Mr. STAFFORD. Whether they have a contract based on the cost of production or not, have they any arrangement with any print manufacturer whereby they receive a special price?

Mr. NORRIS. Oh, my; yes. There are very, very few newspapers that buy on the market. The custom of the trade is to contract

with a paper mill for the supply of a newspaper, and until this recent demonstration the periods were two, three, four, and five years; but the surprising and disturbing feature of these new methods was the announcement that contracts would not be made for more than one year, because paper, at the end of that year, would be higher, and they were not willing to make contracts for a longer period.

Mr. STAFFORD. Then as a general proposition the newspaper publishers throughout the country have their paper supplied under a special contract?

Mr. NORRIS. Under special contract; yes, sir. My understanding is that since the creation of the International Paper Company there has been more or less of what was called a standard form of contract under which they changed the conditions which had previously existed, and under which they fixed a standard of weight and fixed other details, adopting what might be called a trades-custom arrangement, or a form of invoice such as shipping houses or marine companies adopt.

Mr. STAFFORD. What percentage of papers have their paper supplied under that standard arrangement?

Mr. NORRIS. I have not the slightest idea.

Mr. STAFFORD. What proportion of papers are now being furnished their paper under term contracts?

Mr. NORRIS. Offhand, with inadequate information, I should say that at least 90 per cent of the news print paper of the United States was sold under contract. I say that with that qualification.

Mr. STAFFORD. Then at present it is the exception for newspapers to purchase their paper under other than a contract for a length of years?

Mr. NORRIS. For a year.

The CHAIRMAN. For a term of years heretofore.

Mr. NORRIS. For a term of years heretofore for many of them, and for substantially all of them for one year since this recent movement, before the \$50 price took shape.

The CHAIRMAN. When you say "substantially all of them," you mean substantially all of them who had occasion to renew their contracts?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Is that the main fear of the newspaper people now—is your complaint mainly as to the present cost of paper or as to the feared cost of paper?

Mr. NORRIS. The present cost of paper and all of the menacing apprehension that goes with it.

The CHAIRMAN. How much of the complaint has to do with the present cost and how much as to the feared cost?

Mr. NORRIS. With every buyer who is now paying it and with every buyer who expects sooner or later to get into the market to buy it.

The CHAIRMAN. That is the future. How much of the complaint is as to the existing price of paper?

Mr. NORRIS. The extent of the complaint I can only elaborate in this way: That on Tuesday in New York there was a meeting of representatives of 774 daily newspapers. There were practically 300 large newspapers represented at that Associated Press meeting, which relates to the news side of the property; and at that meeting there

was formulated and proposed a message respecting the paper situation, and—

The CHAIRMAN. And denouncing this committee.

Mr. NORRIS. It did not denounce this committee.

Mr. RIDDER. This committee was not appointed then.

Mr. NORRIS. The criticism was undoubtedly directed against the idea of the creation of a committee to consume time and delay the passage of a bill which at this period would—

The CHAIRMAN. I hope it does not worry you any more than it does us. It was merely an unfortunate expression.

Mr. NORRIS. It does worry us.

The CHAIRMAN. It does not make any difference.

Mr. NORRIS. We did not mean to reflect on the committee. It was before the committee was appointed.

The CHAIRMAN. Oh, no; the committee was appointed before your meeting in New York.

Mr. MILLER. The committee was appointed before Mr. Baker's reflection on the members of the committee

Mr. NORRIS. Here is Mr. Baker.

Mr. BAKER. May I say a word?

The CHAIRMAN. You will have an opportunity.

Mr. BAKER. Very well, sir.

The CHAIRMAN. Excuse me for interjecting that remark. It was intended only as a pleasantry.

Mr. NORRIS. There was at that meeting substantially in attendance a representation of 300 papers, outside of all proxies, and upon a call of the house for a vote upon that proposition there were five dissenters. Subsequently in the course of the afternoon another gentleman arose and said that he had not been clear on the subject and he wanted to be recorded with the minority. There are a considerable number of newspapers, especially 3-cent newspapers, which are very anxious to make the cost of living higher for their associates in the business, and that will explain the attitude of some newspapers upon this print question.

Mr. SIMS. Do any of these large papers, or any considerable number of them, own interests in paper manufactories or mills?

Mr. NORRIS. There is, I think, one publication which had an interest—I do not know to what extent it has now. That is the Boston Globe.

Mr. SIMS. Is there not a paper in Kansas City that does?

Mr. NORRIS. The Kansas City Star operates its own paper mill, largely upon the plan which I suggested to you as the possibility which would materialize with free pulp; that is, the Kansas City Star mill buys its pulp from Canada, I think from the Sault Ste. Marie mill, and makes it into paper, operating by steam power, the steam power being generated from oil.

Mr. SIMS. They manufacture their own paper in that way?

Mr. NORRIS. They manufacture their own paper in that way, and manufacture it, Mr. Nelson says, cheaply and profitably.

Mr. RYAN. Does he sell some?

Mr. NORRIS. I understand he does sell some profitably.

Mr. SIMS. Would the passage of the Stevens bill have any effect on newspapers that make their own paper, like the Kansas City Star?

Mr. NORRIS. It would help him to the extent that it would diminish the cost of pulp which he buys from Canada.

Mr. SIMS. He would get the difference if he got his pulp from Canada, minus the duty?

Mr. NORRIS. He would get his pulp for 8 cents a hundred pounds.

Mr. SIMS. But he would not realize as much profit as the difference between the duty on paper, because the duty on paper, I understand, is greater than the duty on pulp.

Mr. NORRIS. Six dollars a ton.

Mr. SIMS. And in pulp is not so much.

Mr. NORRIS. He is protected by distance. Kansas City is so far from the border that the freight rate in itself is a factor in his favor, as it is with a very considerable number of consumers. In fact, there is a theory—purely a theory, yet current in New York City—that the best place for the location of a paper mill may be the Hackensack flats, bringing in our pulp (I do not mean the New York Times pulp) in sailing vessels from Canada and Newfoundland.

Mr. STAFFORD. After deducting the rebates you are allowed on your quarterly statements under the contract you have with the International Paper Company, what is the price that the paper stands you?

Mr. NORRIS. There has been no settlement.

Mr. STAFFORD. Not since the contract with the New York Times has been entered into?

Mr. NORRIS. No. We paid for seven quarters—that is, from January 1, 1906, to October 1, 1907—upon the basis of the lowest price, \$1.90. At the expiration of the period the paper company presented first a cancellation of the option upon the point that for six months previous the cost had been in excess of \$1.90, and that therefore it had a right under the contract to cancel it; but we point out that we had never demanded that price and that therefore they had no right to cancel it. But as it raised the question whether we would demand it or not we said very promptly we would not demand it, and then they presented a bill for what they called the excess cost over \$1.90 for the seven quarters, or twenty-one months. Prior to that and after December 31, some time in January, 1908, they supplemented that with a bill for the eighth quarter.

Mr. STAFFORD. Well, for the seven quarters, in their statement of excess, what rate did it make to your company?

Mr. NORRIS. That made it, with the profit of \$7.50, somewhere around \$1.92 or \$1.95.

Mr. STAFFORD. After that period what rate does it make?

Mr. NORRIS. Their calculation, I think, was close to \$2.02; that is, \$40.40, which, however, we contested, and on which we asked arbitration.

Mr. STAFFORD. They have not charged you in excess of \$2.10?

Mr. NORRIS. They have not charged us more than 2 cents. That is not a charge. It is an agreed price in the contract subject to the results of the calculations at the end of each quarter, with the understanding that if the price shows less than 2 cents that we get a rebate from the paper company to that extent, and that if it is more than 2 cents we would pay to the paper company.

Mr. STAFFORD. But upon their statement in no instance has it been much more than \$2.10?

Mr. NORRIS. It was not \$2.10.

Mr. STAFFORD. You just stated that in some instances it has been more than \$2.

Mr. NORRIS. In only one quarter, the first quarter—for the quarter from January to March, 1906—the statement was more than \$2. I can not, offhand, without looking at the figures, state accurately as to just what the estimated figures were for each of the quarters.

Mr. STAFFORD. So the price which the New York Times will pay for its paper, since this contract has been in operation, will be in the neighborhood of \$2?

Mr. NORRIS. For the two years; no.

Mr. STAFFORD. What will be the price?

Mr. NORRIS. I give you merely an approximation, offhand, trying to answer the question—

Mr. STAFFORD. That is all I desire.

Mr. NORRIS. I will give it with accuracy later. I should say \$1.96 for two years of 1906 and 1907, including the profit of \$7.50.

Mr. SIMS. How much paper does a ton of the pulp make; how many pounds of paper does a ton of pulp make, approximately?

Mr. NORRIS. That may vary in some mills as to quality or cheapness; cheaper mills may vary some, but the proportion in the ordinary news print paper mill, as I gather it from the paper makers, is 80 per cent of the mechanical ground wood and 20 per cent of the sulphite pulp.

The CHAIRMAN. That is the chemically prepared pulp?

Mr. NORRIS. That is prepared with sulphurous acid. There are two kinds—one with the soda process and one with sulphurous acid, called "sulphite pulp."

The CHAIRMAN. But the chemically prepared is all under the same provision, so far as the tariff is concerned.

Mr. NORRIS. Possibly.

Mr. SIMS. What I was trying to arrive at is this: Would the duty on a sufficient quantity of pulp to make a ton of paper be about what the duty would be on a ton of paper?

Mr. NORRIS. Oh, my; no. The materials that enter into a ton of pulp are about 106 per cent of the ultimate weight—106 to 108 or 109 per cent—so I have been told by paper makers. That is, that there is a certain amount of loss in the manufacture, depending entirely upon the efficiency of the mill; and that from a ton of mechanically ground wood you would have about 84 per cent of a ton of pulp and about 21 or 22 per cent of sulphite pulp.

The CHAIRMAN. Your paper is all unsized paper?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Is it not filled paper?

Mr. NORRIS. Very, very little. There is some slight clay in it—not as much as was formerly used, but I understand there is just a small amount; I understand that varies in mills. I am not familiar with those details. I have seen the clay at the paper mills and understood it went into the making of the paper.

The CHAIRMAN. That would materially affect the amount of paper that would be made out of a ton of wood pulp?

Mr. NORRIS. But I understand the clay is not a material factor in the cost.

The CHAIRMAN. Not in the cost——

Mr. NORRIS. Nor in the weight.

The CHAIRMAN. I do not know about that; but some paper has 30 per cent of billing.

Mr. SIMS. If I get it correctly, the difference in the price of a ton of paper in the United States now exceeds what would be the price of a ton of paper, plus the tariff, in Canada?

Mr. NORRIS. To the extent that American papers have been able to buy more profitably in Canada than in the United States, yes.

Mr. SIMS. In other words it is worth \$50 a ton, from which you deduct six, which would make it \$44; and if you added six to \$38, which is what it is worth in Canada, it would make it \$44 here. So they are getting a price for paper in excess of the tariff duty, if it should all be added to the Canadian price?

Mr. NORRIS. I do not know that I quite follow you.

The CHAIRMAN. What is the market price of paper in Canada; are you able to tell us that?

Mr. NORRIS. I am able to tell you this: That a Canadian newspaper publisher, at our meeting yesterday, said he had recently closed his contract with the Laurentide people for paper at \$1.98 at the mill.

Mr. SIMS. That is \$38 a ton?

Mr. NORRIS. No; it is \$39.60—\$1.98.

Mr. SIMS. Call it \$40.

Mr. NORRIS. No; it was intended to keep it under \$40.

Mr. SIMS. I merely mention \$40 as a basis.

Mr. NORRIS. That is not the general price. He told that because I had stated that the appraisers of the Government had fixed \$38 a ton as the basis of valuation for importations of paper from Canada.

The CHAIRMAN. Are there any market quotations on paper?

Mr. NORRIS. There are no market quotations that have a particle of value—that is, for the great bulk of the consumption.

Mr. SIMS. How much of the price of paper at the present time is due to the existence of the duty? If we take the duty off what will be the difference in the selling price of paper?

Mr. NORRIS. Six dollars per ton less. I mean that if there was an assurance of free paper it would be much less than \$6 a ton by reason of the fact that there would be inducements offered for the establishment of mills in Canada, which would have a deterrent effect upon mills in the United States which are now getting a very considerable profit, such as the Great Northern Paper Company.

Mr. SIMS. Then, as I understand you, the removal of the tariff would result in the establishment of mills both in Canada and the United States, bringing about such a state of competition as would reduce the price in excess of the amount of the present duty, although it should be added to the price?

Mr. NORRIS. That is rather an involved question. I would not like to say "yes." I would say at least \$6 per ton, plus the stimulus of competition.

Mr. SIMS. As I understand you, you say there would be a reduction of at least \$6 by the removal of the tariff and a further reduction by reason of stimulating competition in wood-pulp production in Canada?

Mr. NORRIS. And in the establishment of paper mills in the United States.

Mr. SIMS. When I said wood pulp I intended to say paper mills.

The CHAIRMAN. On that subject, the newspapers are banded together in an association for the collection of news. My observation has been that they are usually pretty well to do.

Mr. NORRIS. You mean that they are all prosperous?

The CHAIRMAN. Well, I do not want to undertake to say; they always appear to be. Have they ever considered the question of establishing print-paper mills of their own?

Mr. NORRIS. That subject has been frequently broached, and I have invariably discounted and discredited any efforts on the part of the publishers to engage in any such ventures.

The CHAIRMAN. Yes; but you had a special contract.

Mr. NORRIS. I mean for the last ten or twelve years; outside of these two years.

Mr. RYAN. Why did you take that position, Mr. Norris?

Mr. NORRIS. I took the ground that a newspaper publisher had troubles enough when he ran a newspaper without attempting to operate a paper mill, and that he would be confined to a particular location if once he were tied up to it; whereas, as it was not the main purpose of his business, but an incident, that he could not give it the attention which he should, and that it was wiser for him to make contracts with others who could finance them and attend to them, upon the theory that if a business had close individual attention it would be prosperous where if it were relegated to an outsider it would not bring the same results.

The CHAIRMAN. Of course, if you could organize paper mills and get this \$7.50 profit, I suppose it would be a profitable business?

Mr. NORRIS. I have a theory that I can break these people; but it is not thoroughly baked yet, and I would not like to evolve it, and as yet it is only a theory.

The CHAIRMAN. I will be frank with you. I have often wondered why, if these statements are all true, the newspaper men who have large amounts of capital behind them do not organize paper mills and demonstrate what can be done.

Mr. NORRIS. There are numerous reasons. In the first place, and that is one of the elements in this combination, nearly all of the water-power, nearly all that we know of that would be available for that purpose, has been taken up.

The CHAIRMAN. I should have to doubt that, because I am a member of a committee of the House that deals with the water-power question, and we pass bills, and have questions come up in it, relative to water power all over the United States, in many cases right convenient to the wood pulp, where there is plenty of water power, where it can be obtained at nominal expense and where I will agree that the President will permit it and give you authority to build the dams to make the water power.

Mr. NORRIS. In proximity to the markets?

The CHAIRMAN. Well, there are newspaper markets everywhere in the country.

Mr. NORRIS. Yes; I know; but the large markets are comparatively small in number.

The CHAIRMAN. I do not agree to get you a place like that in Massachusetts, possibly not in New York, but nearer than the backwoods of Canada.

Mr. NORRIS. I will describe a place in Massachusetts, Bellows Falls, which was taken into the International Paper Company because it was the property of William A. Russell, who practically was the organizer and promoter of the International Paper Company—Congressman William A. Russell. While this central agency scheme was hatching, and about the time he appeared before the Dingley committee, I sent a reporter up to his mills at Bellows Falls, and I got pictures of it. They were either under water or out of water all the time. They never had the water right. It was because of the deforestation in the sources of the water supply; and therefore his proposition was not as attractive as it might be. Incidentally at that mill there was taken into the International Paper Company as part of the equipment a fine antique, a paper-making machine that has actually been in operation for sixty years. It is one of the curiosities of the business; but it was taken in as one of the machines of the International Paper Company.

The CHAIRMAN. I do not want you to think, so far as I am concerned, that I believe the newspaper men are under any obligations to engage in the manufacture of print paper, or that it is any defense to the claims you are now making that you have not done it.

Will you proceed with us on Monday?

Mr. NORRIS. I am entirely at your service.

The CHAIRMAN. It is very nearly 5 o'clock, and we have had a pretty hard week here.

Mr. NORRIS. At what hour?

The CHAIRMAN. At 10 o'clock Monday morning in the new Office Building, on the second floor, in the southwest corner.

Thereupon, at 4.55 o'clock, the committee adjourned until Monday morning, April 27, at 10 o'clock.

COMMITTEE ON INVESTIGATION OF COST OF PAPER,
Monday, April 27, 1908.

Committee called to order at 10.20 a. m., Hon. James R. Mann in the chair.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. I have received from the president of the International Paper Company the following letter, addressed to me as chairman of this committee, and dated New York, April 25, 1908. [Reads:]

DEAR SIR: As this company has been particularly referred to in the discussions of the paper situation in Congress, although it is not mentioned by name in the resolution creating your committee, I write to say that if we can facilitate your investigations I am quite willing to have the suitable officers of our company appear before your committee with full information regarding such affairs of this company as you will be apt to wish to inquire into.

I have prepared the following telegram, which, if it meets with the approval of the committee, I will send. [Reads:]

To A. N. BURBANK,

President International Paper Company, 30 Broad street, New York City:

Your letter received. The committee investigating wood pulp and print paper is now holding hearings. Representatives of the American Newspaper Publishers' Association and the Associated Press are now before the committee. The committee will be glad to have any interested persons present at the hearings. The committee desires to obtain the fullest information possible, and as at present informed will be glad to have officials of the International Paper Company testify before it immediately following the testimony presented by the Publishers' Association.

JAMES R. MANN, *Chairman.*

Mr. Norris, do you desire to examine your testimony before we send it to the printer?

Mr. NORRIS. I do not want to delay the print in any way, but if I could have a chance to look at the rough proof, would it facilitate matters in that direction?

The CHAIRMAN. No; it would delay matters to look at the rough proof. As a rule, we do not look at the proof at all.

Mr. NORRIS. Well, I suppose I can take chances on it.

The CHAIRMAN. The copy is here now.

Mr. NORRIS. I will not have an opportunity to look at this copy until after the session, and to that extent I would delay the composition on it.

The CHAIRMAN. What we hope to be able to do, when we get running—we have not yet received authority to incur expense excepting as an ordinary committee of the House—is to have the testimony of one day printed and in the hands of anybody who wants it the next morning.

Mr. NORRIS. That would mean, of course, that the witnesses could not revise their testimony, but that is no reason why I should not be in the same class, and if the members of the committee take their chances as to the questions they ask, as to whether they will be accurate or not, I think I could be put in the same class.

The CHAIRMAN. It has been the practice, so far as I know, that while witnesses often desire to revise what they testify to, it is seldom that the Members of Congress care to revise the questions which they ask.

Mr. NORRIS. Then I will waive any objection to that arrangement. May I ask when it is likely that the testimony you now have will be sent to the printer?

The CHAIRMAN. I think that there will be reported into the House this morning from the Committee on Accounts a resolution which I introduced several days ago, giving this committee authority to have printing and binding done, and to incur various other expenses. If the resolution is reported into the House and is passed this testimony will be sent to the Printing Office at once. We have not yet received that authority, and while ordinarily we would ask unanimous consent for such authority in the House, your ally in the House is not permitting any unanimous consents, and it would require a good deal of time.

Mr. NORRIS. I do not know what you mean by reference to our "ally."

The CHAIRMAN. The gentleman who claims to be your ally, and he is a good man, whatever we may say.

I was going to suggest to the committee that if there were a large number of the committee from the Publishers' Association here still in the city, men owning or representing different newspapers, it might be desirable, in order not to delay them in the city too long, to take their personal testimony as to their own papers before we proceed with the more full examination of Mr. Norris; and in that respect I think the committee will be guided by the preference and desires of the members of your Publishers' Association committee. But we do not want to be put in the attitude hereafter, if some gentleman now here does not testify and we send a subpoena or request to him to come here hereafter, of giving him ground for complaint, because we want the testimony of all of the gentlemen as to matters within their personal knowledge.

Now, Mr. Norris, you can proceed, or have somebody else proceed, just as you please, and with that understanding.

Mr. NORRIS. On Saturday the committee called upon me for the contract with the International Paper Company, and full data relating to the contract of the New York Times; also for statements of the prices, so far as I had them, with respect to various newspapers. I left here Saturday at 6.50 p. m., arriving in New York at 1 o'clock in the morning, and I have not had a chance to obtain those papers from the office. The safes are locked on Sunday, and it may be difficult for me to get them until I return to New York. May I suggest that, as the matter involves more or less of a difference between the International Paper Company and the newspaper with respect to what was the price, and in view of the request of the International Paper Company that it be given an opportunity to present its case, and its expressing its willingness to submit all matters which the committee may desire,

that the committee call upon it for those particular papers bearing on this matter.

The CHAIRMAN. Well, it is very likely that the committee will; but that is an after consideration. What we want now is the papers that you have. You are the witness at present.

Mr. NORRIS. Well, they are not in my physical custody. I recognize the fact that the committee has a right to them, and that it will get them, but there was some embarrassment about the situation; it is more or less of a confidential arrangement, and I did not want to be put in the position of volunteering information upon that particular matter, which is a confidential business arrangement; but I understand the committee has the right to just what it desires in the premises.

The CHAIRMAN. The committee believes it has the right, and believes it has the right to require the testimony. I think the committee is disposed to insist upon the right, and if it were otherwise it would be impossible to arrive at any just conclusion. But it can not tell the importance of the testimony until it receives it. The committee has no desire to embarrass you, but it wants the information.

Mr. NORRIS. If you can get that from the International Paper Company would it not be—

The CHAIRMAN. We can not get the information from the International Paper Company, or, in any event, before they commence to testify. We have no confidential relations with the International Paper Company. We have a witness on the stand who has certain information which we want, and which, it seems, he is unwilling to give, and therefore we direct that it be given.

Mr. NORRIS. I understand that, and is that equivalent to subpoena?

The CHAIRMAN. I think it is, and if it is not we will have a marshal and not only subpoena you, but have him bring you over here if we want him to.

Mr. NORRIS. Well, I will use diligence, but I certainly can not go after it while I am here.

The CHAIRMAN. I understand that, of course.

Mr. NORRIS. At the meeting of the American Newspaper Publishers' Association on September 19, 1907, there were various statements made by publishers of newspapers with respect to prices and with respect to the situation of which complaint is now made—the combination of paper makers to raise the prices. May I state what was said at that meeting bearing directly on this point, giving merely the experiences of publishers themselves? It is highly informative to the committee?

The CHAIRMAN. We will be glad to have you state it, Mr. Norris, although I think you ought to state in connection with it whether you make your statement on your personal knowledge, or as a matter of hearsay. Remember you are under oath.

Mr. NORRIS. I make this statement as to the statements which were made at that hearing, and submit it, and the committee may summon those gentlemen or not, at its pleasure.

The CHAIRMAN. The committee has no desire to hold you down to the usual rules of a court.

Mr. NORRIS. [Reads.]

Gen. FELIX AGNUS, of the Baltimore American. I am one of the individuals whose contract expires next January. I came to New York early in order to tackle our

friends, these paper manufacturers, all friends of mine, personally speaking, but in my endeavors to renew my former contract I find that I am face to face with a condition that seems to me almost impossible. The manufacturers tell me that they had an agreement among themselves by which there will be a uniformity of price. We shall not be able to get paper again at \$1.75, nor \$1.80, nor \$1.90. I was one of the lucky members who always managed to get in some good contracts; my last was \$1.90, and now I am face to face with the question of \$2.50. I did not get mad; I listened to the reasons and talk, and the officers of the International Company blamed the newspaper men. They blame them for their extravagance in their dealings with paper.

I sympathize with the manufacturers. They tell me that the forms are given away, and all that sort of thing. Chemicals have gone up, and why? Before, when they had but two shifts of men working twelve hours a day; now they have three of eight hours each. All that has increased the value of paper so much that they are forced to fall on us, the publishers. I tried to make them realize that they were asking almost blood money from me. My individual increase would be all the way from \$50,000 to \$75,000 a year out of my business. Speaking this morning with another publisher somewhere in my locality, he tells me there is a difference in price, which would entail on him an additional expense of fully \$125,000 to \$150,000 a year. Now, I find it is a condition, gentlemen, that is real. They do not propose to listen to anything of friendship, cajolery, or good dinners, or anything of that kind. They propose to withdraw their selling agents, and you have got to come up to the very headquarters of the manufacturers and deal with them direct. For myself, while I have not closed my contract, nevertheless, when they asked me \$2.50 and I saw their temper, I tried to make my contract for ten years, and they said, "Nay, nay; we will give it to you for one year and no more." I asked whether all were to be treated alike. They said "Yes," and they impressed upon me the fact that if we publishers did not stop our extravagance for the sake of a little additional circulation above our neighbors we would be further victimized. That is all I have to say.

Mr. HAINES, of the Paterson News. Colonel Agnus told just simply one truth, and that is that the price of paper is going to be put up to all that the traffic will bear. I met a director of the International Paper Company, when he had several drinks in him and felt good, and he told me the price of paper was going to be jacked up to 3 cents at the lowest basis. The International Paper Company to-day, which talks about our extravagance in using paper, is selling in the London market, paying the ocean freight, paying the haulage in London, and selling it for less than they are selling it to publishers in the city of New York. Now, that does not look as if there were too much consumption, does it? Every one of us knows that paper is being offered in the market to-day less the freight—and sell it to you as cheap as the trust does. That shows it is not necessary for the protection of American industries to impose a tariff tax on the paper in this country. I am a Republican. I believe in the principle of protecting home industry. But we were taught that this thing was a policy for infant industries. Certainly a combination of capitalists that buys up worn-out mills, capitalizes them for twice what they are worth, does not need the protection of a tariff tax. The practical thing for us to do is to go and begin as individuals. Let every man go to his Congressman. I think I can get the Congressman from my district to take the tax off. They say our forests are going. Right up in Canada is enough lumber to supply the newspapers for centuries almost, and they are willing to sell it to us, but they can not do it because the International Paper Company has got to be protected by a tariff tax. * * *

Oh, no, there is lots of it there. We have got to go to work and do something. The General Paper Company was broken up through the efforts of this association. The United States courts decided it was an illegal combination. Now it is trying to gather itself together, and if you do not gather yourselves together that western snake will be just as strong as it was before. We have got to stop talking and go to work. We have got to show the press has some influence, and the only way to do it is to present a united front and get the small papers in line; begin hammering at our Congressmen and Senators. There is my only solution of the problem. I do not think all the resolutions and talk will amount to anything unless we go to work and do something; take the tariff off paper and I think they will soon come to terms. They would rather have half a loaf than no bread.

Mr. RAUCH. We were paying \$2.15 and now we are asked to pay \$2.65. I think everybody ought to state his experience. If he does not want to state the exact price, let him state what the increase is in the new contract.

Mr. BALDWIN. We have been paying 2 cents for paper; we use 180 to 200 tons a year. The price we have contracted for is \$2.45 laid down at Joliet, Ill., on the sidewalk at our place. Our contract was made the 1st of July.

The CHAIRMAN. On the 1st of July you paid \$2.50?

Two forty-five net.

A MEMBER. How long will that contract last?

One year. We tried to get a renewal. We had the paper last year from the International and could not get a renewal at all for our territory.

Mr. NORRIS. What mill is now furnishing you?

This is a Canadian mill, the Sturgeon, I understand.

Mr. NORRIS. Sturgeon Falls?

Sturgeon Falls.

Mr. NORRIS. Paying the duty?

We are paying \$2.45. No; we are not paying the duty. It is laid down to us.

Mr. NORRIS. I mean it is Canadian paper?

I understand so.

Mr. NORRIS. On which they are paying a duty of \$6 and delivering it in Joliet, Ill., less than the paper manufacturers here will deliver it in the United States.

For the information of the members, there are forty dailies in Illinois which have joined together in a little association to control the placing of a contract for what amounted to about 240 cars. We offered bids, or, rather, asked for bids, from all the paper companies that we could get the names of, with the result that we could get no bid covering the entire quantity. They picked us to pieces and accepted a little here and a little there, and they did not vary; when we computed the difference in freight rate they did not vary more than a cent or two, and they pulled us plumb to pieces. We were compelled to go in the market and make the best arrangement we could.

Mr. GLASS, of Montgomery, Ala. In line with the facts just stated, two years ago a broker in paper in this city told me that he was delivering Canadian paper in Australia and paying the freight through Canada, carrying it through the State of New York under bond, paying the ocean freight right into Australia, and was delivering the Canadian paper in Australia at a less price than the average rate in New York at that time. Whether those facts exist to-day I am not informed, but it was the fact two years ago. That shows what can be done.

Mr. HUNSAKER. I am from Saginaw, Mich. That comes from the Cheboygan Paper Company. There is only one mill in Michigan making print paper. They made a contract two weeks ago for the Bay City Tribune at \$2.35. A short time ago—last week—an agent from Chicago of the International Paper Company came to my town. I had a rate of net \$2.08 and I asked him if he could renew it. He said, "We are not making any contracts at all. I can make no contracts with you at any price." I don't know what he meant by that, whether I am to be shut out entirely from any paper whatever.

The CHAIRMAN. \$2.08 f. o. b. Saginaw." * * *

The first of January.

I am trying to renew it now, and they decline to renew it at any price.

I am here to find out.

Mr. McKENNY. I am a small consumer and have been trying the last three or four months to get quotations from the International Paper Company. I have bought from them for several years. I made a contract last year for \$2.30 for mine. They informed me that they are not making any quotations or contracts now, and after three months' effort I have not been able to get anything, except the assurance that they will let me have quotations in November or October. In the meantime, my contract expires the 1st of January.

I will state the rate from Brownsville, N. Y., where our paper comes from, to Macon, in carload lots, is about 40 cents. It is \$2.70 at Macon.

Mr. DODSWORTH, of the New York Journal. We have to pay up to the 1st of September, \$2. They notified us at the expiration of the contract they would charge us a higher rate—\$2.50. I said, "I won't pay it." I started out to get bids from other paper companies. I could not get a single bid from anybody. I came right back on the Great Northern and succeeded in getting contracts for \$2.47½ for one year and no longer. Immediately after closing that contract, I had another friend who was looking for paper and offered the same contract, 1,000 tons, at the same price. They refused to take it. The main point that I want to bring out is this, that it seems to me that there is a collusion on the part of the paper manufacturers in receiving bids. I would like to know whether any newspaper has been able to shift its contract this year.

I made this contract the latter part of August.

Mr. PARK. Mr. Chairman, the corroborating evidence in my mind that there has been a trust formed is shown in the fact that previous to the rise in price of white paper to me, I had been approached by probably half a dozen agents for various paper companies, anxious to sell paper to the Poughkeepsie Star. They all quoted prices as low as 2 cents. A few weeks after the last gentleman called, I was notified that the price of

paper would be raised to \$2.40 from the company in which I was purchasing, Oswego Falls. I attempted to get a lower price from a concern that had offered previous to this time to sell me paper for 2 cents, and I was told that the mills were so full that it was impossible for them to take on any further orders. I went to other companies that had been very anxious to get my business previous to this, and I was met with the same reply, that the mills were so full they could not take on any more orders. A gentleman who sells paper and who is a resident of my city, representing a Pennsylvania and a New York company, had tried repeatedly to get my order for paper, and I went to him and told him I was ready to trade with him. He made an effort to get my figures and quotations, and I met with the same reply, that the mills were so full that they could not take on any more contracts. That forced me to go to the old company that was already furnishing me paper, and forced me to pay their additional price. I am now paying \$2.45. They won't enter into any contract. They tell me that the price is going to increase, that it may go to 3 cents. I made further efforts to buy paper of another concern that had been very anxious previous to this time to get my contract, and they heartily promised to get me a carload of paper, to sell it to me, and they said they would let me have the figures in a few days. The figures came and they were \$2.75, the very best they could do. They were very sorry, they would like to have my business, but \$2.75 was the best they could do. All of these quotations seemed to prove to me a conspiracy or a trust in white paper to the trade.

Mr. FOSTER. I am paying \$1.80 at the Canadian mills. That means \$2.10 New York mills. The freight rate is 40 cents.

The CHAIRMAN. You pay \$2.10 to the mill?

\$1.80.

The CHAIRMAN. \$1.80 at the mill last year?

No; Canadian mill.

Mr. NORRIS. May I ask Mr. Foster does he buy direct of the Canadian mills or from a broker?

From a broker.

Mr. NORRIS. What does that make the paper cost you delivered in Houston?

\$2.56.

Mr. NORRIS. What did you pay before?

I will give you my experience. I was in New York last August. I made a contract at \$1.79.

Mr. NORRIS. A year ago?

A year ago.

Mr. NORRIS. At Houston?

No; \$1.79 at the New York mills. That manufacturer refused to deliver the paper on the contract. Delivery was made through the broker and not with the mill. The paper began going up, and he withheld the contract for one reason or another and has now refused to deliver, and I am now suing him for the difference in price.

Mr. ROE. I will say we made a contract three years ago for three years at \$2.20. About eighteen months ago the mill voluntarily reduced the price to \$2.10, owing to the reduction in the market price at that time. That price prevailed for about one year. Last spring they raised it to the contract price of \$2.20. That is on board cars at Harrisburg, Pa. I don't know what the freight rate is; I have never figured on that, because it is delivered at Harrisburg. It comes from Berlin, N. H.

On the 1st of January next. I had a quotation about six weeks ago at \$2.50, but have had no quotations since that time and we have not closed. We have not asked for any since that time.

Mr. EWING. I had a contract through a broker with the Berlin Falls, which expired in May. I was paying \$2.15 delivered f. o. b. New Orleans. The freight rate from New York to New Orleans is 35 cents a hundred. When my contract expired, they raised the price from \$2.15 to \$2.65, half a cent a pound. I inquired around of some other brokers and that was the cheapest rate I could get at that time.

For one year. That was a Berlin mill.

Mr. FAHEY, of New Orleans. For about three years we have been paying a price of \$1.90 at Boston, delivered in the press room, on paper shipped from Maine. That meant about \$1.75, or thereabouts, at the mill. In the beginning of the year I made some inquiry about the matter of paper, and had some talk with our agent—the agent of the mill—who is located in Boston. He told me that conditions were getting bad and that we would probably have to stand for a little raise. I recognized that fact and said we would not object to a reasonable increase. He gave me to understand that it would probably amount to somewhere around \$2.15 or \$2.20, and I would not have objected to that. We allowed the matter to drift along, expecting we would be protected. When the time came around for talking contracts, however, there was a little evidence of withdrawing from the proposition of naming contract prices and none were named. Finally, when it came to a show down, we were very much sur-

prised to be told it would probably cost us somewhere around \$2.40 or \$2.50 to renew our contracts for a year.

Thereupon I talked to some of the New England papers in our neighborhood who were buying from different mills. We got our heads together and decided we might accomplish something by combination. So we started in our several directions making inquiries of the people with whom we were doing business, as to whether or not they cared to take on a number of newspapers and supply them directly from some mill. For example, one of the newspapers was asked to make inquiries of the New York and Pennsylvania Company in this city, who had been supplying them for years, and he made inquiry of the mill, and a third made inquiry of Graham & Company, and I made inquiry of the Pejeboscot Paper Company. In the first place, from two distinct sources, our papers were told that the mills were looking for additional paper contracts and could take on a considerable tonnage, but the next question they put up was, "Who are the papers involved in this?" As soon as they obtained a little information on that they wanted time to consider just what they could do to figure out the freight rates involved, tonnage, etc. The net result was that in these two specific cases, after they found out what the papers were, the tonnage, etc., and where they were buying, they discovered that conditions at the mill were getting worse and they hadn't foreseen just how bad the conditions were going to be; consequently it was all they could do to take care of their own customers and they were not sure about that, and they certainly could not consider taking on any others. In other words, they would not quote me; they left it for my mill and no one else. I could not get prices out of any other manufacturer, and that was true of every paper in this combination, six in number.

Finally I was approached by the representative of the Canadian mill, the J. B. Booth mill, at Ottawa, and was given to understand that they wanted to get some New England business. I talked the matter out with them and they finally got down to a price of \$2.35. That was \$1.95 at the mill and involved \$6 a ton duty and 20 cents freight—\$2.35 in all—while our mill in Maine, less than 150 miles distant, with a freight rate of 9 cents, wanted \$2.45 or \$2.50 for a product that was no better. My mill was the Pejeboscot Mill at Brunswick.

Now, we are talking right out in the meeting, and it has got to be understood, as far as I am concerned, that I do not want this stuff handed around to the manufacturers, because it would do me no good. * * *

Well, I don't care anyway. They have hit me bad enough. They can not go very much worse. I will stand for it.

Finally I was given the impression by the agent that if I would go up to Ottawa and talk to Mr. Booth himself, they probably would shade the price of \$2.35; they wanted to get over on this side of the line and get some business and they would probably do better. I went up there and talked with those fellows for a couple of days, and they finally came down to \$2.30 delivered in the city f. o. b. That involved, incidentally, a part of the commission to the agent being thrown in. I said to them, "If you will ship a couple of carloads or a carload of that paper down at once and it runs through our machines all right, we will close with you." I found at that time they were making paper and delivering it to the International Company. They had made a contract to sell 6,000 tons to the I. P. and part of it was coming down to Mr. Seitz; some had gone to Cleveland and some to Chicago, and the experience with the paper invariably was very good. They have a fine mill; they were beautifully situated. They finally made this contract of \$2.30, and I said to them, "If, gentlemen, the paper is all right, I believe our fellows will go in, and I will go back and talk with them." I went back and we talked the matter over and we all decided that if the paper was all right we were ready to do business with these fellows, because we did not like the attitude of the other people, even if the price were the same.

Incidentally I pointed out the fact that with only one mill of 100 tons per day capacity we might be in danger of a shortage if the railroad were clogged with freight or because of the long-distance carrying. They said, "We can remedy that." They got into communication with a mill near Montreal, the Laurentide, which has a production of 125 tons, and the Laurentide Mill agreed to stand with the Booth Mill on the production that we would require, anywhere from 5,000 to 8,000 tons, at that price.

We came back and I expected the paper would be shipped at once, according to the understanding, but it did not come along. Meanwhile our people down in Maine notified all of us who were in this same proposition we would have to tell them pretty soon what we were going to do. My contract expired the 1st of August. The contract of the other two papers did not expire until January 1; but the demand was made that they settle the question at once, without any further delay. We finally got together with these fellows in Boston one afternoon, and after talking about thirty minutes we told them we had had lower prices quoted and thought we were not inclined to renew. Well, they told us they thought there was a good deal of danger about that delivery and we would better not take the chance. We asked them what they meant. "Why,"

they said, "we know that you got a quotation from the Booth Mill, at Ottawa," and they sat there and told us what the quotation was that we had received; every detail of the terms, even down to the splitting of the commission on the part of the agent. Where did they get it?

Finally, the car of paper did not turn up. We couldn't try it out, and they told us that they must have our answer for the Maine mill by the following Saturday.

The CHAIRMAN. Mr. Norris, I do not wish to delay you, but tell me why, in that case, a gentleman who declined to make a contract when it was tendered him had any cause for complaint because when he would not make a contract at the time the other one then changed his mind.

Mr. NORRIS. Do you mean the Canadian mill?

The CHAIRMAN. Yes.

Mr. NORRIS. My understanding of his statement was that they made an agreement at a price of \$2.30 for a sample carload of paper upon the stipulation that if that carload were satisfactory they would take this 5,000 tons at that price.

The CHAIRMAN. But that is not my understanding of his statement. My understanding is that he was offered a contract at the price of \$2.30, and that he told the parties to send him the sample car and then he would determine whether he would make that contract or not. It is a very common thing to get a sample in order to determine that, and why did he not do it? Of course I do not ask you to answer that question.

Mr. NORRIS. The easiest way is to get Mr. Fahey here.

The CHAIRMAN. Oh, yes.

Mr. NORRIS. It is purely preliminary and informative, and it will start your minds in various directions.

(Reads:)

As I say, we had no paper to try, and when I made further complaint about its non-receipt, they notified me that the Laurentide mill had withdrawn from their part of the proposition and that the Booth mill would therefore be forced to withdraw and could not supply us with the paper; that the carload of paper had been shipped after a delay of a week or ten days; they didn't know where it was, but anyway they were out of it. Under those circumstances, there was nothing for us to do except to close with the Maine people on a basis of \$2.40, which we did. That is our experience. We have got to consider the facts in the matter, gentlemen, we have got to consider the remedy.

On Saturday, among the other requests submitted to me by the committee, was one that should indicate what had been the character of the increases. I sent out to various publications a letter, inclosing this blank [handing a paper to the chairman].

This was for answers to inquiries upon questions relating to the paper supply; and the first question was as to the increase of price of paper above that of two years ago.

The CHAIRMAN. This may be inserted in the record.

[Personal and confidential.]

Answers to inquiries of committee on paper of American Newspaper Publishers' Association.

To the COMMITTEE ON PAPER,
Pulitzer Building, New York City.

GENTLEMEN:

First. Will you kindly ascertain the attitude of your Representative and Senator in Congress upon the question of the immediate repeal of the duty on pulp and printing paper and all materials entering into the manufacture of printing paper? Will you advise us promptly of the result of your inquiry?

Answer. I have not enough interest in the matter to bother to ascertain the views of my Representatives.

Second. Will you kindly furnish information to us confidentially upon the following points covering transactions within the last twelve months?

(a) Has the price of your news-print paper been raised? If so, to what extent, by what mill or agent, and on what date?

Answer. No.

(b) Have any intimations been given to you respecting an advance upon the price paid by you for the year 1906? If so, by whom and when, and what was the amount of the advance?

Answer. No.

(c) Have any agents or mills withdrawn quotations previously made to you, or have they neglected or refused within that period to quote prices to you, or have they changed previous offers? If so, when? (Give names and particulars.)

Answer. No.

(d) Have the quotations received by you indicated unity of action by selling agents or uniformity of prices?

Answer. No.

(e) Has any of the selling agencies imposed new terms as to supply, or restricted the period of contract to one year or less? Has any of said agencies refused to give you a contract for more than one year?

Answer. No.

(f) Have you any knowledge of any changes of selling agencies?

Answer. No.

(g) Have you any information of any shut down or stoppage of any paper mill or restriction of output?

Answer. No.

(h) Have you any information showing that the product of so-called independent mills has been acquired by any of the large selling agencies or the sale of their output merged? If so, give names and dates.

Answer. No.

(i) Have you any information as to dates of meetings of paper manufacturers to consider prices? If so, when and where?

Answer. No.

(k) Have you had any experiences with Canadian mills?

Answer. No.

(l) Can you get news-print paper when you want it and in sufficient quantity to supply your needs, or has your supply been curtailed?

Answer. Can get all I want at fair prices.

(m) Has your supply been shifted from one mill to another, or from one agency to another? If so, from what mill and agency, and to what mill and agency?

Answer. No.

(n) In soliciting quotations from paper agencies or mills, have you discovered that there has been an interchange of information among them respecting prices, or have they indicated that they knew of quotations made to you by other agencies or mills?

Answer. Have made no such discovery.

(o) Has any one connected with the paper manufacturing told you that the mills had desired to ask a uniform price or had adopted an agreed scale? If so, give names and dates. What reasons were given for advancing prices?

Answer. No.

Any other information that you may regard as helpful in equipping the committee for the common cause will be appreciated.

(Signed)

F. W. RICHARDSON,
Manager Daily Gazette, Gazette Building, Berkeley, Cal.

Date, October 18, 1907.

Mr. STAFFORD. On what date did you send that blank to the various publishers?

Mr. NORRIS. In October, 1907. We received through the mail about 450 answers from newspapers relating to that matter. Many of them did not clearly understand the questions. Some of them instead of sending the actual amount of the increase sent us the percentage of increase. Some of them simply said, "Yes, we have been raised," but among them were the following—I will submit a list of 202 newspapers reporting various raises in prices. I have five copies of them, so that a copy can be furnished to each member of the committee.

The CHAIRMAN. Well, we want as complete a record as possible for the published proceedings, still I do not want you to forget that important matters, as we go along, should be called to the attention of the committee. I do not know what is in this statement that you now call to our attention, and I do not want to let it go by simply printing it in the record if it is important.

Mr. NORRIS. It is quite important in this, that I gathered from the remarks on Saturday that the gentlemen of the committee wanted to know where there had been increases.

The CHAIRMAN. Yes, we want the record to show these things for verification, but we would like to have our attention called to these things as you go along so that we will have them in our minds.

(Following is the list referred to:)

List of increase.

City.	Name of paper.	Mill or agent.	Date.	Increase.
Clarksburg, W. Va.	Daily Telegram.....	R. D. Wilson & Sons.....		\$17.00
Redlands, Cal.	Review.....			17.00
Syracuse, N. Y.	Post-Standard.....	Craig & Co.....		15.00
Do.	Herald.....			15.00
Bradford, Pa.	Evening Star.....	Cleveland Paper Co.....		15.00
Do.	Era.....	Hubbs & Hastings Paper Co.....		15.00
Pomona, Cal.	Progress.....	Zellerbach & Co.....	Jan. 29, 1907	15.00
San Bernardino, Cal.	Evening Index.....		May —, 1907	15.00
Hastings, Nebr.	Tribune.....			15.00
Newton, Kans.	Republican.....	J. W. Butler Paper Co.....		14.80
Parkersburg, W. Va.	State Journal.....	Whitaker Paper Co.....		14.40
Portland, Ind.	Commercial Review.....	C. P. Lish Paper Co.....		14.00
New York, N. Y.	Staats Zeitung.....			14.00
Paterson, N. J.				14.00
Chanute, Kans.	Sun.....	Kansas City Paper House.....		14.00
Chico, Cal.	Record.....			14.00
Kansas City, Mo.	Journal.....		1908	14.00
Seattle, Wash.	Times.....	Willamette Paper Co.....	Mar. —, 1907	14.00
Deadwood, S. Dak.	Pioneer-Times.....			14.00
Wichita, Kans.	Eagle.....	Graham Paper Co.....	Apr. —, 1907	14.00
Do.	Daily Beacon.....	Beacon Paper Co.....		13.80
Billings, Mont.	Daily Gazette.....		July 27, 1907	13.50
Hartford, Conn.	Globe.....	Pejebscot Paper Co.....	Sept. —, 1907	13.40
Creston, Iowa.	Advertiser-Gazette.....	Carpenter Paper Co.....	July 1, 1907	13.00
Marietta, Ohio.	Journal.....	Central Ohio Paper Co.....		13.00
Greensboro, N. C.	Record.....			13.00
Goshen, Ind.	News-Times.....			13.00
Boise, Idaho.	Evening Capitol News.....	Crown Paper Mill.....		13.00
Lake Charles, La.	American.....	E. C. Palmer & Co.....	Sept. —, 1907	13.00
Stockton, Cal.	Daily Record.....	Zellerbach & Co.....	Jan. 1, 1907	13.00
Marion, Ohio.	Star.....			13.00
Danville, Ill.	Daily Press.....	Butler Paper Co.....	Jan. 1, 1907	13.00
Princeton, Ind.	Clarion News.....	Chatfield & Woods.....	June —, 1907	12.40
Parsons, Kans.	Sun.....	Kansas City Paper House.....		12.20
Leavenworth, Kans.	Post.....			12.00
Muskogee, Ind. T.	Daily Phoenix.....	Graham Paper Co.....		12.00
Ottawa, Kans.	Daily Republic.....			12.00
Danville, Va.	Register and Evening Bee.....	International Mills.....	1908	12.00
Hartford, Conn.	Courant.....	Great Northern Paper Co.....	Apr. —, 1908	12.00
Haverhill, Mass.	Evening Gazette.....	New York and Pennsylvania Co.....		12.00
Elmira, N. Y.	Star-Gazette.....	Oswego Falls Pulp and Paper Co.....	Sept. —, 1907	12.00
Gloversville, N. Y.	Leader.....	Finch, Pruyn & Co.....	Jan. 1, 1908	12.00
Fairmount, W. Va.	West Virginian.....	Cleveland Paper Co.....		12.00
Baltimore, Md.	American.....	International Paper Co.....		12.00
Meriden, Conn.	Morning Record.....		1908	12.00
Grand Forks, N. Dak.	Evening Press.....	McClellan Paper Co.....	1908	12.00
Amsterdam, N. Y.	Evening Recorder.....	Finch, Pruyn & Co.....	Jan. 1, 1908	12.00
Grand Junction, Colo.	Daily News.....	Peters Paper Co.....		12.00
Elizabeth, N. J.	Journal.....	New York and Pennsylvania Co.....	1908	12.00
St. Paul, Minn.	Dispatch.....	Watab Pulp and Paper Co.....		11.70
Evansville, Ind.	Courier.....		Apr. 1, 1908	11.70
North Adams, Mass.	Herald.....	New York and Pennsylvania Co.....		11.60
Menominee, Mich.	Herald-Leader.....	Birmingham & Seaman.....	Aug. 1, 1907	11.40
New London, Conn.	Daily Globe.....		Sept. 1, 1907	11.00
Jamestown, N. Y.	Journal.....	Oswego Falls Pulp and Paper Co.....	Aug. —, 1907	11.00

List of increase—Continued.

City.	Name of paper.	Mill or agent.	Date.	Increase.
Olean, N. Y.	Evening Herald.	Oswego Falls Pulp and Paper Co.	Aug. —, 1907	\$11.00
Providence, R. I.	News-Democrat.			
McKeesport, Pa.				11.00
Long Branch, N. J.	Record.	New York and Pennsylvania Co.		11.00
Asbury Park, N. J.	Press.	do.		11.00
Savannah, Ga.	do.		Jan. 1, 1907	11.00
New York, N. Y.	Morning Telegraph.	Finch, Pruyn & Co.		11.00
Wilkes-Barre, Pa.	Times.	Berlin Mills.	July 31, 1907	11.00
Williamsport, Pa.	Sun.		Apr. —, 1907	11.00
Pottsville, Pa.	Daily Republican.			11.00
Reading, Pa.	Times.	Norwood Paper Co.		11.00
Anderson, S. C.	Daily Mail.			11.00
Chattanooga, Tenn.	News.	H. G. Craig & Co.		11.00
Bristol, Va.-Tenn.	Herald-Courier.	Louisville Paper Co.	Sept. 1, 1907	11.00
Wheeling, W. Va.	Register.	International Paper Co.		11.00
Harrisburg, Pa.	Patriot.	Great Northern Paper Co.	Sept. 9, 1907	11.00
McKeesport, Pa.	Daily News.	Oswego Falls Pulp and Paper Co.	Sept. 1, 1907	11.00
Macon, Ga.	News.		1907	10.50
Burlington, Vt.	Free Press.	St. Regis Paper Co.		10.50
Adrian, Mich.	Daily Telegram.	Butler Paper Co.		10.48
Burlington, Iowa.	Hawkeye.	Graham Paper Co.		10.40
Los Angeles, Cal.	Evening News.	Willamette Pulp Paper Co.		10.40
Minneapolis, Minn.	Journal.		June —, 1907	10.40
Fort Worth, Tex.	Telegram.	Graham Paper Co.	Jan. 1, 1908	10.40
Springfield, Ill.	News.		May 1, 1907	10.21
Evansville, Ind.	Journal-News.			10.20
Sedalia, Mo.	Democrat-Sentinel.	Graham Paper Co.	Aug. 1, 1907	10.20
Little Rock, Ark.	Democrat.	New York and Pennsylvania Co.		10.00
Aurora, Ill.	Daily News.	Butler Paper Co.		10.00
Clinton, Iowa.	Herald.	John Edwards Manufacturing Co.	July 1, 1907	10.00
Sandusky, Ohio.	Star-Journal.	International Paper Co.		10.00
Omaha, Nebr.	World-Herald.	John Edwards Manufacturing Co.		10.00
Bath, Me.	Daily Times.	Bowdoin Paper Mills.		10.00
Lima, Ohio.	Republican Gazette.		July 1, 1907	10.00
Madison, Wis.	State Journal.			10.00
Elgin, Ill.	Courier.	Plicher, Hamilton & Co.		10.00
Portland, Me.	Argus.		1908	10.00
Camden, N. J.	Post-Telegraph.	New York and Pennsylvania Co.		10.00
East Liverpool, Ohio.	Evening Record.	International Paper Co.		10.00
Johnstown, Pa.	Tribune.	do.	Jan. 1, 1908	10.00
Wheeling, W. Va.	News.		1908	10.00
Meriden, Conn.	Daily Journal.	New York and Pennsylvania Co.		10.00
Reading, Pa.	Eagle.	Oswego Falls Pulp and Paper Co.	Aug. —, 1907	10.00
Columbia, S. C.	State.	International, freight from Brownsville.		10.00
Davenport, Iowa.	Times.			10.00
Altoona, Pa.	Evening Gazette.	Berlin Mills.	Apr. —, 1907	10.00
Des Moines, Iowa.	Capitol.			10.00
Winona, Minn.	Republican-Herald.			10.00
Findlay, Ohio.	Daily Courier.	National Paper Co.	July 1, 1907	10.00
Augusta, Ga.	Chronicle.		1907	10.00
Oil City, Pa.	Derrick.			10.00
Aberdeen, S. Dak.	American.	Minneapolis Paper Co.		10.00
Trenton, N. J.	Evening Times.	Manufacturers' Paper Co.	May 13, 1907	10.00
Do.	Times.	Pettebone Paper Co.		10.00
Dubuque, Iowa.	Telegraph-Herald.			10.00
Williamsport, Pa.	Grit.	International Paper Co.	1907	10.00
Moline, Ill.	Daily Dispatch.	Kimberley Mills.	Aug. 1, 1908	10.00
Knoxville, Tenn.	Sentinel.	W. B. Parsons & Co.		10.00
Joplin, Mo.	News-Herald.	Nekooska Paper Co.	Mar. —, 1907	9.80
Peoria, Ill.	Journal.	Allen McNamery & Co.		9.70
Ansonia, Conn.	Evening Sentinel.	N. Y. & Penn. Co.	Sept. 1, 1907	9.60
Duluth, Minn.	Evening Herald.		Oct. 1, 1907	9.50
New York, N. Y.	Journal.	Great Northern Paper Co.	Sept. 1, 1907	9.50
Danville, Ill.	Commercial News.	Graham Paper Co.		4.30
Duluth, Minn.	News-Tribune.	Northwest Paper Co.		9.20 1/2
Hutchinson, Kans.	News.	Butler & Graham Paper Co.		9.20
Allentown, Pa.	Morning Call.		May —, 1907	9.20
Anaconda, Mont.	Standard.			9.20
Winfield, Kans.	Courier.	Garrett & Allen.		9.00
New Orleans, La.	Picayune.	Berlin Mills.		9.00
Kalamazoo, Mich.	Evening Telegraph.	International Paper Co.	Jan. 1, 1908	9.00
Newburg, N. Y.	Daily News.	N. Y. & Penn. Co.		9.00
St. Joseph, Mo.	Gazette.	Itasca Paper Co.		9.00
El Paso, Tex.	Herald.	Graham Paper Co.		9.00
Salem, Oreg.	Capitol Journal.	Oregon Mills.		9.00
Durango, Cal.	Democrat.	Peters Paper Co.		9.00
Cincinnati, Ohio.	Commercial Tribune.	International Paper Co.	Jan. 1, 1908	9.00
Marion, Ind.	News-Tribune.			8.80

List of increase—Continued.

City.	Name of paper.	Mill or agent.	Date.	Increase.
Peoria, Ill.	Herald-Transcript	Graham Paper Co.		\$3.00
Williamsport, Pa.	Gazette-Bulletin	Great Northern Paper Co.	July —, 1907	8.00
Lancaster, Pa.	Intelligencer	do.	May —, 1907	8.50
Waterloo, Iowa	Courier	Manufacturers' Paper Co.		8.50
Boise, Idaho	Statesman	Carpenter Paper Co.		8.50
Owensboro, Ky.	Messenger	f. o. b. Owensboro		8.41
Paducah, Ky.	News-Democrat	International Paper Co.	Jan. 1, 1907	8.40
Elkhart, Ind.			July 12, 1907	8.40
Grand Forks, N. Dak.	Herald		June —, 1907	8.01
Fort Scott, Kans.	Tribune Monitor			8.00
Stamford, Conn.	Daily Advocate	International Paper Co.		8.00
Chicago, Ill.	Daily Journal	Cheboygan Paper Co.	June 1, —	8.00
Utica, N. Y.	Saturday Globe	Atling & Corey	Feb. 12, 1907	8.00
Charlotte, N. C.	Observer and Evening Chronicle	St. Regis Paper Co.		8.00
Salina, Kans.	Journal	Butler Paper Co.		8.00
Syracuse, N. Y.	do.	Oswego Falls Pulp and Paper Co.		8.00
North Adams, Mass.	Transcript	Cliff Paper Co.		8.00
Albany, N. Y.	Argus			8.00
Lynchburg, Va.	News and Advance	International Paper Co.	Apr. 15, 1907	8.00
Joliet, Ill.	Daily News	Booth Mill, Ottawa, Canada	July 1, 1907	8.00
Little Falls, N. Y.	Evening Times	Finch, Pruyn & Co.	Aug. —, 1907	8.00
Central, Ill.	Evening Sentinel	Butler Paper Co.		8.00
Shreveport, La.	Times	Graham Paper Co.		7.80
San Antonio, Tex.	Gazette	do.		7.80
Jackson, Mich.	Morning Patriot		Aug. 15, 1907	7.60
Denver, Colo.	News	John Edwards Manufacturing Co.		7.50
Lincoln, Nebr.	Daily Star	Carpenter Paper Co.		7.50
Salt Lake City, Utah.	Deseret News	Rhineland, Wis., Mill		7.00
Tucson, Ariz.	Daily Star	Graham Paper Co.		7.50
San Antonio, Tex.	Light	do.		7.40
Rockford, Ill.	Morning Star	Consolidated Water Power and Paper Co.		7.20
Houston, Tex.	Chronicle		Feb. —, 1907	7.00
Joliet, Ill.	Herald	J. W. Butler Paper Co.		7.00
Newark, N. J.	Evening Star	St. Regis Paper Co.	May —, 1907	7.00
Rochester, N. Y.	Herald	Finch, Pruyn & Co.	Aug. 1, 1907	7.00
Jamestown, N. Y.	Times-Herald	Dalton Paper Mills		7.00
Waco, Tex.	Register-Gazette	Graham Paper Co.		6.65
Rockford, Ill.	do.	Booth Mill		6.50
Louisville, Ky.	Herald	Berlin Mills	Apr. 5, 1907	6.50
Decatur, Ill.	do.			6.40
Salt Lake City, Utah.	Tribune	Kimberley & Clarke		6.00
Springfield, Mass.	Union	International Paper Co.	Aug. 1, —	6.00
Kokomo, Ind.	Tribune			6.00
Streator, Ill.	Free Press	W. D. Boyce Paper Mills		6.00
Winona, Minn.	Independent	Dells Paper Co.		5.88
Lincoln, Ill.	Daily Courier	Butler Paper Co.		5.80
Williamsport, Pa.	News		Mar. 1, 1907	5.50
Pittsburg, Kans.	Headlight	Graham Paper Co.	July —, 1907	5.43
Arlene, Tex.	Reporter		Sept. 10, 1907	5.00
Olean, N. Y.	Morning Times			5.00
Taunton, Mass.	Gazette	International Paper Co.	Oct. —, 1907	5.00
Bridgeport, Conn.	Standard		May 1, 1907	5.00
Omaha, Nebr.	Daily Bee	Kimberley & Clarke	Feb. 20, 1907	5.00
Owensboro, Ky.	Inquirer		Aug. 1, 1907	5.00
Milwaukee, Wis.	Sentinel	Wisconsin River Pulp and Paper Co.	Apr. 1, 1907	5.00
Danville, Ill.	Democrat	G. P. Leah Paper Co.	July 1, 1907	4.50
Quincy, Ill.	Herald	Manufacturers' Paper Co.	July —, 1907	4.50
Kalamazoo, Mich.	Gazette	Rhineland Mills	Jan. 1, 1907	4.41
Indianapolis, Muncie, and Terre Haute, Ind.	Star			4.00
Sault Ste. Marie, Mich.	News	Sheboygan Paper Co.	Sept. 14, 1907	4.00
Winsted, Conn.	Citizen		Aug. —, 1907	4.00
Denison, Tex.	Gazette	Graham Paper Co.	July —, 1907	3.40
Albuquerque, N. Mex.	Citizen	Carter, Rice & Carpenter	May —, 1907	3.80
Oklahoma City, Okla.	Oklahoman	Hennepin Paper Co.	Jan. 31, 1907	3.80
Norwich, Conn.	Bulletin			3.00
Sacramento, Cal.	Union	Great Northern Paper Co.		2.00
Philadelphia	Press	Berlin Mills	Jan. 1, 1907	2.00
Columbus, Ohio	Dispatch			2.00

Mr. NORRIS. I will attempt to amplify this in a statement to you. There are 202 newspapers reporting on that particular statement, that is, on question (a).

The CHAIRMAN. Question (a) reads, "Has the price of your news-print paper been raised. If so, to what extent, by what mill or agent, and on what date?"

Mr. NORRIS. Now, this list that I have just inserted in the record is not the answers. This is a codification of answers. I have the answers, of all of them, which I will submit, but it occurred to me, for the clearer understanding of the committee, that from all of those answers I could extract two or three things which were evidently in the minds of the committeemen; that is, as to the extent of the increase, and next, the maximum price, or the price now being paid, which one of the committeemen spoke to me about; and that it would save the committeemen a considerable amount of digestion of those answers.

The CHAIRMAN. In answer to that first question, you have prepared a list of increases giving the name of the place, the name of the paper, the name of the mill or persons furnishing the paper—

Mr. NORRIS. Where it was different, which was not frequent.

The CHAIRMAN. Yes. And the number of dollars per ton of increase in the cost of paper and, in some of the cases, the date when the increase took effect.

Mr. NORRIS. That is right.

The CHAIRMAN. Now, you state that this list which you furnish us is a correct codification to that extent of the answers which you received in reply to this letter?

Mr. NORRIS. That is accurate.

The CHAIRMAN. On the whole, what does this show?

Mr. NORRIS. There is there a list of 202 newspapers to which that raise refers.

The CHAIRMAN. Are these mainly the newspapers of the very large cities, or cities of smaller size?

Mr. NORRIS. I have not examined it carefully for that particular purpose, but my impression is that it contains papers not of the larger cities, but of the smaller-sized towns, although there are some large cities there; but that statement is also subject to a number of qualifications of this character, for instance, Mr. Herman Ridder, of the New York Staats-Zeitung, reported to me that his price had been increased \$9 per ton, but that was merely the last increase. The total increase in Mr. Ridder's statement was \$14. Two years ago he had been buying at \$1.75, and he now pays \$2.45.

The CHAIRMAN. Mr. Norris, I asked you whether this list that you have given us is a correct codification of the answers which you received to this letter. Now you tell us it is not.

Mr. NORRIS. It is a correct codification of the answers. I say, some of the answers were not accurate replies to the questions.

The CHAIRMAN. I know, but have you made a correct codification of the answers?

Mr. NORRIS. I have.

The CHAIRMAN. Or have you taken your own knowledge? You say now that Mr. Ridder reported to you that his increase was \$9 a ton.

Mr. NORRIS. Ridder is the one where I think he made a change yesterday from \$9 to \$14.

The CHAIRMAN. To that extent, then, it is not a correct codification.

Mr. NORRIS. That is not a correct codification.

The CHAIRMAN. Well, we want a correct codification.

Mr. NORRIS. I have changed that from \$9 to \$14.

The CHAIRMAN. I would like to have you testify as to what is a correct codification.

Mr. NORRIS. It is absolutely——

The CHAIRMAN. Is that the only change?

Mr. NORRIS. That is the only change. It is the result of a talk with Mr. Ridder on the train going up Saturday night.

The CHAIRMAN. I hope you do not testify merely upon the basis of what Mr. Ridder tells you about other things. In every other respect except that one——

Mr. NORRIS. I do not know whether in that one the Staats-Zeitung is \$9 or \$14; I have not looked at it.

Mr. MILLER. It is \$14 in the list.

Mr. NORRIS. Then it was changed in the extension yesterday, but I instructed——

Mr. SIMS. Upon a statement made to you by Mr. Ridder himself?

Mr. NORRIS. Yes, following the previous report wherein he had said that he corrected his previous report which had been made on the basis of one year instead of a report of the comparison of the prices of two years. His increase in one year had been \$9, and the increase in the two years had been \$14.

Mr. SIMS. With that exception, this codification is made alone from the written replies?

Mr. NORRIS. That is right. I have the written replies here.

The CHAIRMAN. You will furnish those to us. Are you able to state whether your replies and questions show the amount of paper which these various newspapers used?

Mr. NORRIS. They do not.

The CHAIRMAN. Have you made any estimate of the amount which the papers making the replies do use?

Mr. NORRIS. I haven't the slightest idea.

The CHAIRMAN. You have no notion either as to the amount of paper or the percentage of the total amount that these papers use?

Mr. NORRIS. I have not.

Let me call the attention of the committee to two other points: First, as I was coming up this morning I made a computation of the average of those papers reported—that is, that of the 203 papers reported in that schedule, which does not include all of them, but merely those on which we have been able to make that comparison—the statement of increased cost as reported by them. There were two which reported an increase of \$17, 7 an increase of \$15, 11 an increase of \$14, 3 which reported an increase from \$13.40 to \$13.80, 9 an increase of \$13, 17 an increase of \$12, 4 an increase of \$11 plus, 18 an increase of \$11, 10 an increase of \$10 plus, 31 an increase of \$10, 10 an increase of \$9 plus, 9 an increase of \$9, 10 an increase of \$8 plus, 13 an increase of \$8, 9 an increase of \$7 plus, 5 an increase of \$7, 4 an increase of \$6 plus, 4 an increase of \$6, 4 an increase of \$5 plus, 7 an increase of \$5, 3 an increase of \$4 plus, 3 an increase of \$4, 3 an increase of \$3 plus, 2 an increase of \$3, and 2 an increase of \$2.

Mr. STAFFORD. Has there not always been a different rate for print paper according to the quantities supplied to newspaper publishers?

Mr. NORRIS. Before answering that question may I give one point which would straighten that last reply out?

Mr. STAFFORD. Yes.

Mr. NORRIS. From that total I computed that the average increase of all of them was slightly under \$9.50; that is, multiplying the number of dollars by the number of papers reporting, making \$1,902, and dividing by 203 would make it substantially \$9.50, slightly under, as the average of those which are upon that list.

Mr. STAFFORD. Have there been any varying prices for newspaper paper based upon the quantity under the contract?

Mr. NORRIS. There have been varying rates, but upon what basis I am not in a position to answer, because I am on the buyer side and not on the seller side.

Mr. STAFFORD. Of your own knowledge, you know that the large publishers receive lower rates than the small publishers, who do not buy in such large quantities?

Mr. NORRIS. That is not altogether accurate for this reason: For eight years I was business manager of the New York World—that is, from 1892 to 1900—and in that period my experience was that the New York World, using more than 100 tons a day, could not buy its paper as cheaply as the New York Staats-Zeitung or the New York Press, which used very much less, the reason being this: That a paper which consumed 100 tons per day could only deal with one, two, or more mills that were equipped to handle that quantity to one customer, whereas the paper using a small quantity could get the benefit of the competition of thirty or forty mills. The result was that almost invariably—I am talking now of an experience covering eight years in that relation—the New York Staats-Zeitung was enabled to buy at an average of \$1 a ton less than we could buy, and that was true only two years ago, when the market price for various papers ran around \$1.90. Mr. Ridder was buying his paper at \$1.75—that is, he was buying at \$35 a ton, when the larger papers were paying \$38 a ton.

Mr. STAFFORD. Generally, what was the amount of paper consumed by the Staats-Zeitung at the time you refer to?

Mr. NORRIS. My best knowledge was anywhere from 8 to 10 tons a day. I think it is more now.

Mr. STAFFORD. There are many papers included in this list that do not consume as much as the Staats-Zeitung?

Mr. NORRIS. Oh, many of them.

Mr. STAFFORD. It is an elemental fact that those who consume very small quantities would not receive the same rate as those that consume larger quantities. The paper manufacturers could afford to provide the publishers with paper at a less rate when they took larger quantities, excepting in exceptional instances that you have spoken of.

Mr. NORRIS. I do not feel that I can combat an elemental fact, but I can say that the attitude of the paper companies at present is not in that direction. It is to bring everybody to \$50 a ton—that is, it had been.

Mr. STAFFORD. I only wished to point out the fact that if it is true that the print-paper manufacturer charges a high rate to publishers who buy in small quantities, that therefore your estimate of the average price charged, the average increase of price charged under

this table, is not an accurate one for the reason—take your first paper, the Clarksburg (W. Va.) Daily Telegram, which doubtless is a paper with a small circulation and using a limited amount of print paper. Possibly they purchase it in sheets, or on the roll, and it is stated in the list that the increase has been \$17. Here is also the Milwaukee (Wis.) Sentinel, a paper published in my home State, which is one of the leading metropolitan dailies and using a large quantity, and where the increase has only been \$5. Now, you said the average was—

Mr. NORRIS. Substantially \$9.50.

Mr. STAFFORD. You do not give us any accurate data, because you are lumping together the average of the different characters of papers who may be furnished paper at different rates according to the different standard of quantity consumed?

Mr. NORRIS. In answer to that question let me state to the gentleman that if you will permit me to make a statement I think I will clear up your mind upon the point which seems to be uppermost in it, and that is this: That after I had made this compilation for the benefit of the committee, I then made another compilation of the price which the papers were now paying, which of course would show, where there was a paper with a very small consumption, a relatively high price; and it would also answer the question as to whether the papers were now paying \$2.50 and what they were paying; and as to whether this \$17 raised their paper to \$2.50 or raised it to \$2.80 or \$3.

The CHAIRMAN. I was going to ask you whether your answer showed the price which these newspapers had been paying for paper before the advance?

Mr. NORRIS. Some of them do. The fact of the matter is that I had to leave New York before the stenographer could finish that particular work after the notes had been made, and they were to be sent to me by special delivery in the midnight mail, but they have not yet arrived.

The CHAIRMAN. Did you make inquiry in reference to that matter, and do the answers show?

Mr. NORRIS. The answers showed to an extent the price that is now being paid and the price that they had been paying, because from that we were able to compute this statement of increases in prices.

Mr. RYAN. Are all of the increases shown in the schedule given to the committee increases per ton?

Mr. NORRIS. Increases per ton.

The CHAIRMAN. And in your questions, have you asked the price that these newspaper companies are paying?

Mr. NORRIS. The only question on that point is question (a).

The CHAIRMAN. That does not relate to the price at all, except as to whether the price has been raised. It does not ask for the price they are paying.

Mr. NORRIS. That is very true, but many of them did answer that. I attempted to explain that from the numerous answers which came in I was able, from those which did come in, to extract this information for the benefit of the committee.

Mr. STAFFORD. I wish to say in confirming the reason for my inquiry of you that when there was an investigation of the Canadian paper trade in 1900, it was shown on the investigation then made

that the Canadian paper manufacturers charged more than 50 cents per ton when they were supplying not less than 2-ton lots over that which was furnished in carload lots of 12 tons in one delivery; and I can readily understand from the testimony this morning where the rates vary to different publishers that it was because of the amount consumed by them in the publishing of their respective papers.

Mr. NORRIS. Upon that point our understanding was this, that at a meeting of the paper makers held in New York early in September, 1907, ten days before our meeting of September 19, they had decided upon that particular point. They had adopted the rule of orders for 1,000-ton lots or more, \$2.50; for orders of less than 1,000 tons, \$2.60; for orders in sheets, \$2.80; indicating that there had been a substantial agreement upon the lines of the elemental fact which you have indicated.

Mr. STAFFORD. But your testimony this morning as to the disclosures at your meeting of September last confirms the position that the print-paper makers gave a lesser rate to the large publishers than the smaller ones, which is indicated in this list here where the increases are so very large.

Mr. NORRIS. That would be true to that extent, yet not altogether true, for this reason, that in the trade the paper makers quote what are called side rolls at a reduction of price for smaller sizes of publications, where a printer or a publisher can use a side roll which the paper makers put on to fill their machines. For instance, a paper manufacturer has a machine 140 inches wide, upon which he has orders which will take up 110 inches of the space on his machine, and he could crowd on 25 inches additional of a side roll, and use all of the covering capacity of that machine where undoubtedly it would be done at an economy in labor to him in making it the greater width. Under those circumstances he will offer inducements, and it is quoted in the publications at a lower rate, I think you will find.

Mr. STAFFORD. It is in the nature of a by-product, and therefore he gets a lower rate, because the cost of manufacture is less; and he is supplying, where the demand is not great, that character of paper.

Mr. NORRIS. Here it is to-day. News is quoted in the Paper Trade Journal—and I do not mean to give any sanction of approval to the accuracy of these quotations—

The CHAIRMAN. Then why do you give them?

Mr. NORRIS. Simply in order to illustrate what in the paper trade is assumed as a basis—that on news they quote from \$2.50 to \$2.65 as the price, and side runs from \$2.20 to \$2.35—and merely to answer that point. But the smaller orders must necessarily be at the higher prices, and in this particular it follows, I think, as a general proposition, that the statement is accurate, with the exception which I have indicated.

Mr. STAFFORD. That my statement is accurate?

Mr. NORRIS. Yes.

The CHAIRMAN. You furnish us with a list of increases ranging from \$2 a ton to \$17 a ton increase. Have you made any examination in order to be able to express an opinion as to why the increases vary so with respect to the different parts of the country, or what is the reason for the great variation? Your claim, as I understand it, is that there is a combination of paper manufacturers absolutely controlling the situation. Why, then, is this great variation in the increase of price of paper from \$2 a ton to \$17 a ton?

Mr. NORRIS. I am gratified that the chairman has asked me that question, because it shows the character of these questions, the varying periods which they cover, and the varying kinds of adjustments and contracts which they relate to; for instance, while I have not seen it, I understand that the Philadelphia Press, in that statement, is put down at an increase of \$2.

The CHAIRMAN. The Philadelphia Press is put down here as obtaining paper from the Berlin mills at an increase of \$2, and under a contract dated January 1, 1907.

Mr. NORRIS. My understanding is that that contract was made about four or five months prior to January 1, 1907; that is, in October or September or August, 1906.

The CHAIRMAN. Do you dispute the accuracy of the gentlemen who own the Philadelphia Press and who made the answer?

Mr. NORRIS. Not at all. That was a statement as to his lowest contracts, but if he made it a year prior, and that price was fixed a year prior to the time when these gentlemen met in New York City and fixed their lowest advance, it certainly would not represent all of the increase which they had added to the paper prices in the interval.

The CHAIRMAN. This contract is dated January 1, 1907, and it shows an increase of price of \$2—if any accuracy can be supposed to be placed in these figures—between the price paid previous to January 1, 1907, and the price after January 1, 1907.

Mr. NORRIS. That was upon a contract—please do not misunderstand me—these prices relate to the time when the contracts were made, not to the present. Our claim is that substantially within a year they had marked up their price \$12.

The CHAIRMAN. I understand.

Mr. NORRIS. At that time there had been only an increase apparently of \$2, but it was a period eighteen months ago.

The CHAIRMAN. But that is a mere matter of argument on your part so far as the facts are concerned here, and I want to get at the facts. That is not the only case.

Mr. NORRIS. That record shows that that contract began sixteen months ago.

The CHAIRMAN. I understand.

Mr. NORRIS. And that therefore it would not have participated in that uplift of the paper makers.

The CHAIRMAN. This record here shows, so far as it shows anything, that the price on this contract was advanced \$2 on January 1, 1907. I do not mean last January. But there are a great many contracts in here. Here is a contract to the Sault Ste. Marie (Mich.) News with the Cheboygan Paper Company, and dated September 14, 1907, being a \$4 advance. Here is one with the International Paper Company by the Taunton (Mass.) Gazette, and dated October, 1907, for a \$5 advance.

Mr. NORRIS. Before we get away from those two—

The CHAIRMAN. I want to simply direct your attention to the general subject. There are several here. Here is a contract with the Jackson (Mich.) Morning Patriot, dated August 15, 1907, which indicates a \$7.60 advance. Here is the Kalamazoo (Mich.) Evening Telegraph, supplied by the International Paper Company, the contract being dated January 1, 1908, for a \$9 advance. Here is the Cincinnati (Ohio) Commercial Tribune, furnished by the International Paper Company, January 1, 1908, advance \$9.

Now, what I want to get at is whether you have made any examination as to the character of these increases as relating to the different parts of the country, or the different newspapers, or why there is such a variation?

Mr. NORRIS. I have not made any inquiry excepting this, that I gathered from these people and from the paper makers that the prices of paper to the various publishers in all parts of the country had varied, and that there was to be established a uniform raise to \$2.50—that is, to \$50 a ton—so that in one case where a man had been paying \$40 before the advance to him would not be as great as to the man who had been paying \$1.90 a hundred.

The CHAIRMAN. Do you mean to say that your understanding is that the manufacturers propose to deal more justly or more equitably with everybody instead of giving preferential rates to a few people; is that the point?

Mr. NORRIS. I am not willing to accept the qualifying word “justly” as applied.

The CHAIRMAN. Well, equalize the rates.

Mr. NORRIS. That they had been trying for years to uniformly raise the price of paper to everybody to 2½ cents; that that was the avowed purpose in 1896, when these gentlemen came before the Dingley committee; that it was the avowed proclamation upon the formation of the International Paper Company—

The CHAIRMAN. Now, please give us facts and don't go back—

Mr. NORRIS. I am talking facts; it is upon the record at that time.

The CHAIRMAN. What we are trying to get at is information about this thing and confine ourselves to this matter that we are talking about.

Mr. NORRIS. Of those contracts, there are some of them which cover contracts made by the International Paper Company and other paper companies for a long period of years, with arbitrations or readjustments to a figure not exceeding \$2.20 through the life of the contract.

The CHAIRMAN. This is what I wanted to suggest to you, Mr. Norris. You are making the claim that the paper manufacturers have entered into a combination by which they absolutely control the price of paper throughout the country, and thereupon you present to us a list of increases of price which vary from \$2 a ton to \$17 a ton. On its face that would seem to indicate anything but a combination to regulate prices. A combination to regulate prices ordinarily, one assumes, means some sort of a uniformity in prices. On its face this would be the contrary, or directly in substantiation of the reverse of your proposition, and therefore I call it to your attention.

Mr. NORRIS. My proposition will coincide precisely with that of the paper companies, in that they are attempting to establish a uniform price for everybody on the basis of \$2.50.

The CHAIRMAN. I am not raising that question.

Mr. NORRIS. And that in the interval, during this past year, many contracts have been readjusted at prices up to \$2.20, because two years ago they made contracts with a number of the larger papers, five-year contracts—Pittsburg papers, Buffalo papers, Chicago papers—whereby at the end of one or two years there would be a readjustment of the price. The readjustment has taken place; that the limitation fixed in those contracts was \$2.20. They have gone

as far as they could go under the provisions of that contract in their readjustment, so that they have gone up to \$2.20 upon that class of contract.

The CHAIRMAN. If you desire us to believe that these increases here are for the purpose of equalizing the prices, or raising the price to a certain figure, do you not think that you should offer testimony on that subject, some facts in relation to it?

Mr. NORRIS. I will; I have the material here. You are anticipating what is coming in that direction.

Mr. SIMS. If I understood you correctly, in mentioning the Philadelphia paper, where the increase was only \$2, that was the increase up to the period when the contract began to be operative and does not include any increase from the time the contract was operative up to the present time.

The CHAIRMAN. But I hardly think that is correct.

Mr. NORRIS. The contract in that particular case, the Philadelphia Press, was made prior to January 1, 1907, and was then made upon the ruling prices of 1906, and it covers a period not yet expressed.

The CHAIRMAN. Then it does not include the increase which has occurred since January 1, 1907?

Mr. NORRIS. It does not relate to any raises made by paper makers—

The CHAIRMAN. Or anybody else?

Mr. NORRIS. Or anybody else.

The CHAIRMAN. It includes increases made upon paper sold to this paper—

Mr. NORRIS. At that time.

The CHAIRMAN. And since?

Mr. NORRIS. Oh, I gather what you are after; that the Philadelphia Press has not, since then, paid more than the price indicated.

Mr. RYAN. In other words, the existing contracts are valid?

Mr. NORRIS. The contract as made of January 1, 1907. And they would be forced to pay more.

Mr. SIMS. That is the reason the increase is not as great on that paper, they having no contract since that time?

The CHAIRMAN. The difficulty about that is that here are a whole lot of contracts made on January 1, 1907, with a variation from \$2 up to \$13 a ton. What we want to get, of course, is the information, the facts.

Mr. NORRIS. That contract may have begun in 1907, and that variation—

The CHAIRMAN. But we do not care when it began. For the present I am taking the statement of the man who reported it.

Mr. NORRIS. Yes; but on the contracts beginning in 1907 the prices may have been fixed. The contracts may have been signed four, five, or six months previous to 1907.

The CHAIRMAN. Then the gentlemen who made the report did not make it truthfully.

Mr. NORRIS. Why not?

The CHAIRMAN. The man who reports that he made a contract on January 1, 1907, when he made it six months before that, and reports an increase on January 1, 1907, when no such increase was made—

Mr. NORRIS. I do not understand that he says that. He says that the contract had been made. We make contracts ten months to a year in advance of the date of their going into effect.

The CHAIRMAN. Whatever the date may be that it goes into effect, it shows the price at which the contract for paper was at a certain date.

Mr. NORRIS. No; a contract beginning January 1, 1907, at \$45 a ton does not indicate that on January 1, 1907, you could so contract. It indicates that at some time prior thereto you would have contracted and did contract.

Mr. SIMS. You mean, in other words, that they made a contract four or five months prior to that time, to become effective on January 1, 1907, and that such a contract could not have been secured on January 1, 1907?

The CHAIRMAN. Then the dates do not give the dates of the contract?

Mr. NORRIS. The dates of those reports—in some cases the dates when they made the agreement, and in other cases it is the date when it began. I understood from the chairman that the Philadelphia Press contract began January 1, 1907. Was not that what you read?

The CHAIRMAN. You say that you do not know whether it began upon that date, January 1, 1907, or not?

Mr. NORRIS. I do not know anything more about it.

The CHAIRMAN. But you do not seem to know what this indicates one thing or the other, and that is no criticism of you.

Mr. NORRIS. I understand.

Mr. RYAN. There is another paper, the Stockton, Cal., Daily Record, the contract being dated January 1, 1907, at a \$13 advance. Another was made the same day for \$13 with the Butler Paper Company, by the Danville, Ill., Daily Press. But you do not know whether that contract was made on that date or prior to that date.

Adjourned at 11.45 a. m. to meet again at 2 o'clock p. m.

AFTERNOON SESSION.

The committee, in pursuance of the recess, reassembled at 2 o'clock p. m., Hon. James R. Mann in the chair.

The CHAIRMAN. Go ahead, Mr. Norris. I think probably the wisest thing to do will be for you to proceed as you please without too many interruptions in the way of questions until you get substantially through, and then each one of us will probably want to take you over more or less of the ground.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. I will adjust myself to whatever the committee think is most advisable. I am ready to answer questions if you think at any time it will give present value to the examination. Possibly there might be a happy medium to that.

The CHAIRMAN. Yes. Sometimes it impresses a matter much more on the mind to have a few answers to questions, and besides it wakes everybody up. You may proceed.

Mr. NORRIS. From the replies of the various newspapers, the same source of information as was referred to this morning, I have compiled in a statement of the present prices as reported by 153 newspapers, ranging from \$85 per ton by the Daily Gazette in Montana,

evidently an exceedingly small publication—there must be some special reason for any such price there—down to \$41.80.

The CHAIRMAN. These are the answers to questions?

Mr. NORRIS. This was compiled by me merely to help the committee in determining what were the present prices reported by those who had answered these questions.

The CHAIRMAN. I understand. Have you any way of determining from these answers whether these prices are for paper at the mills or paper, as you say, delivered on the sidewalk?

Mr. NORRIS. No, sir; and that contributes to the diminution of value of such statement, because some are delivered on the sidewalk, some at the depot, and some f. o. b. at mill. However, I submit it merely to carry out what was evidently the desire of some member of the committee.

The CHAIRMAN. Have you made any computation or estimate at all as to these prices, with reference to what section of the country is indicated or what distance from the mills or anything of that sort?

Mr. NORRIS. I have not.

The CHAIRMAN. To see whether there was any uniformity?

Mr. NORRIS. I have not.

The CHAIRMAN. Is this the only copy you have?

Mr. NORRIS. No. I have several copies of that.

The CHAIRMAN. Will you give a copy to the stenographer?

Mr. NORRIS. Yes.

The CHAIRMAN. It would be wise for you to make a heading for this.

Mr. NORRIS. "Statement of present prices as reported by 153 newspapers." I made a slight digest of these, which I think is not very valuable, but which may serve as an indication. In that there is 1 at \$85, 4 at \$70 plus, 8 at \$60 plus, 2 at \$60, 63 at \$50 plus, 26 at \$50, 3 at \$49 plus, 5 at \$49, 5 at \$48 plus, 9 at \$48, 2 at \$47 plus, 4 at \$47, 4 at \$46, 3 at \$45 plus, 7 at \$45, 2 at \$44, 3 at \$44, 1 at \$42, and 1 at \$41; making a total of 153. Of course it should be understood that these statements are not necessarily the present prices. I should have phrased the heading differently and made it, "Statement of latest prices reported by 153 newspapers."

Following is the statement just referred to:

Statement of latest prices as reported by 153 newspapers.

City.	Paper.	Agent or dealer.	Price.
Billings, Mont.	Daily Gazette		\$85.00
Grand Junction, Colo.	Daily News	Peters Paper Co.	78.00
Hastings, Nebr.	Tribune		75.00
Albuquerque, N. Mex.	Citizen	Carter, Rice & Carpenter	72.80
Chico, Cal.	Record		72.00
Redlands, Cal.	Review		68.00
Durango, Cal.	Democrat	Peters Paper Co.	67.00
Stockton, Cal.	Daily Record	Zellerbach & Co.	65.00
Seattle, Wash.	Times	Willamette Paper Co.	64.00
Wichita, Kans.	Daily Beacon	Beacon Paper Co.	63.00
Chanute, Kans.	Sun	Kansas City Paper House	63.00
Clarksburg, W. Va.	Daily Telegram	R. D. Wilson Sons	62.00
Los Angeles, Cal.	Evening News	Willamette P. & P. Co.	61.00
Muskego, Ind. T.	Daily Phoenix	Graham Paper Co.	60.00
Olean, N. Y.	Morning Times		60.00
Bradford, Pa.		Hubbs & Hastings Paper Co.	59.00
Hutchinson, Kans.	News	J. W. Butler & Graham Paper Co.	58.60
Deadwood, S. Dak.	Pioneer Times		58.00
Shreveport, La.	Times	Graham Paper Co.	57.20
Denison, Tex.		do.	57.04

Statement of latest prices as reported by 153 newspapers—Continued.

City.	Paper.	Agent or dealer.	Price.
Macon, Ga.	News		\$57.00
Quincy, Ill.	Herald	Manufacturers' Paper Co.	57.00
Greensboro, N. C.	Daily Record		57.00
New Orleans, La.	Picayune	Berlin Mills	57.00
Parsons, Kans.	Sun		56.20
Fort Scott, Kans.	Tribune-Monitor		56.00
Augusta, Ga.	Chronicle	International Paper Co.	56.00
Portland, Ind.	Commercial Review	C. P. Lish Paper Co.	55.00
Marietta, Ohio	Journal	Central Ohio Paper Co.	55.00
Lansing, Mich.	State Republican		55.00
Savannah, Ga.	Press		55.00
Parkersburg, W. Va.	State Journal	Whitaker Paper Co.	54.40
Bradford, Pa.	Evening Star	Cleveland Paper Mfg. Co.	55.00
Bristol, Va.-Tenn.	Herald-Courier	Louisville Paper Co.	54.20
Columbia, S. C.	State	International Paper Co.	54.00
Winsted, Conn.	Citizen		54.00
Burlington, Vt.	Free Press	St. Regis Paper Co.	54.00
Newton, Kans.	Republican	J. W. Butler Paper Co.	53.50
Central, Ill.	Evening Sentinel		53.50
Evansville, Ind.	Courier		53.50
Danville, Ill.	Daily Press		53.00
Marion, Ohio	Star		53.00
Wheeling, W. Va.	Register	International Paper Co.	53.00
Goshen, Ind.	News-Times		53.00
Pottsville, Pa.			53.00
Reading, Pa.	Times	Norwood Paper Co.	53.00
Camden, N. J.	Post-Telegraph	New York and Pennsylvania Co.	53.00
Grand Forks, N. Dak.	Herald		52.50
Lincoln, Nebr.	Daily Star	Carpenter Paper Co.	52.50
Knoxville, Tenn.	Sentinel	W. H. Parsons Paper Co.	52.50
Owensboro, Ky.	Messenger		52.50
Paducah, Ky.	News-Democrat	International Paper Co.	52.50
Joplin, Mo.	News-Herald	Nekosa Paper Co.	52.20
Elizabeth, N. J.	Journal	New York and Pennsylvania Co.	52.00
Tucson, Ariz.	Daily Star	Graham Paper Co.	52.00
Princeton, N. J.	Clarion News		52.00
Amsterdam, N. Y.	Evening Recorder	Finck, Pruyn & Co.	52.00
Meriden, Conn.	Morning Record		52.00
Taunton, Mass.	Gazette	International Paper Co.	52.00
Fairmont, W. Va.	West Virginian	Cleveland Paper Co.	52.00
Williamsport, Pa.			52.00
Johannstown, Pa.	Tribune	International Paper Co.	52.00
Chattanooga, Tenn.	News		52.00
Gloversville, N. Y.	Leader	Finck, Pruyn & Co.	52.00
Syracuse, N. Y.	Herald		52.00
Allentown, Pa.	Item		52.00
Newark, N. J.	Sunday Call		52.00
Evansville, Ind.	Journal-News		52.00
New London, Conn.	Daily Globe		52.00
Burlington, Iowa	Hawk-eye	Graham Paper Co.	52.00
Salem, Oreg.	Capitol-Journal	Oregon Mills	52.00
North Adams, Mass.	Herald	New York and Pennsylvania Co.	51.50
Danville, Ill.	Democrat		51.50
Menominee, Mich.	Herald-Leader		51.50
Hartford, Conn.	Globe	Prescott Paper Co.	51.40
McKeesport, Pa.	Daily News	Oswego Falls P. and P. Co.	51.00
Madison, Wis.	State Journal		51.00
Pittsburg, Kans.	Headlight	Graham Paper Co.	50.50
Moline, Ill.	Daily Dispatch	Kimberley Mills	50.50
St. Paul, Minn.	Dispatch	Watab P. and P. Co.	50.30
New York	Crowell Publishing Co.		50.00
Harrisburg, Pa.	Patriot	Great Northern Paper Co.	50.00
Decatur, Ill.	Herald		50.00
Little Falls, N. Y.	Evening Times	Finck, Pruyn & Co.	50.00
Kansas City, Mo.	Journal		50.00
Oil City, Pa.	Derrick		50.00
Des Moines, Iowa	Capitol		50.00
North Adams, Mass.	Transcript	Cliff Paper Co.	50.00
Winona, Minn.	Republican Herald		50.00
Baltimore, Md.	American	International Paper Co.	50.00
East Liverpool, Ohio	Evening Record	do.	50.00
Wilkes-Barre, Pa.	Times		50.00
Wheeling, W. Va.	News		50.00
Kington, N. Y.	Freeman	Great Northern Paper Co.	50.00
New York	Morning Telegraph	Finck, Pruyn & Co.	50.00
Asbury Park, N. J.	Press	New York and Pennsylvania Co.	50.00
Ansonia, Conn.	Evening Sentinel		50.00
Elgin, Ill.	Courier	Fletcher, Hamilton & Co.	50.00
Kalamazoo, Mich.	Evening Telegraph		50.00
Syracuse, N. Y.	Post-Standard	H. G. Craig & Co.	50.00
Olean, N. Y.	Evening Herald		50.00
Stamford, Conn.	Daily Advocate	International Paper Co.	50.00

Statement of latest prices as reported by 153 newspapers—Continued.

City.	Paper.	Agent or dealer.	Price.
Aurora, Ill.	Daily News.	J. W. Butler Paper Co.	\$50. 00
Adrian, Mich.	Daily Telegraph.		40. 60
New York.	Journal of Commerce.	Great Northern Paper Co.	40. 50
Peoria, Ill.	Journal.	Allen, McNary & Co.	40. 20
Joliet, Ill.	Daily News.		40. 00
Minneapolis, Minn.	Journal.		40. 00
Rockford, Ill.	Morning Star.		40. 00
New York.	Staats Zeitung.	St. Regis Paper Co.	40. 00
Jamestown, N. Y.	Morning Post.	Dalton Paper Mills.	40. 00
Danville, Ill.	Commercial News.	Graham Paper Co.	40. 00
Fort Worth, Tex.	Telegram.	do.	40. 40
Marion, Ind.	News-Tribune.		40. 40
Rockford, Ill.	Register-Gazette.	Booth Mills.	40. 20
Waterloo, Iowa.	Courier.	Manufacturers' Paper Co.	40. 10
Salt Lake, Utah.	Tribune.	Kimberly & Clarke.	40. 00
Syracuse, N. Y.	Journal.	Oswego Falls P. & P. Co.	40. 00
Allentown, Pa.	Morning Call.		40. 00
Portland, Me.	Argus.		40. 00
Rochester, N. Y.	Herald.		40. 00
Joliet, Ill.	Herald.	J. W. Butler Paper Co.	40. 00
Peoria, Ill.	Herald-Transcript.		40. 00
Sault Ste. Marie, Mich.	News.	Cheboygan Paper Co.	40. 00
Duluth, Minn.	Evening Herald.		40. 00
Do.	News-Tribune.	Northwest Paper Co.	40. 00
Pittsfield, Mass.	Eagle.		40. 00
Lincoln, Ill.	Daily Courier.	J. W. Butler Paper Co.	40. 00
Williamsport, Pa.	Gazette-Bulletin.	Great Northern Paper Co.	40. 00
Newark, N. J.	Star.		40. 00
Chicago, Ill.	Daily Journal.	Cheboygan Paper Co.	40. 00
Louisville, Ky.	Herald.	Berlin Mills.	40. 00
Springfield, Mass.	Union.	International Paper Co.	40. 00
Omaha, Nebr.	World-Herald.	John Edwards.	40. 00
Little Rock, Ark.	Democrat.	New York and Pennsylvania Co.	40. 00
Williamsport, Pa.	News.		40. 00
San Antonio, Tex.	Gazette.	Graham Paper Co.	40. 00
Do.	Light.	do.	40. 00
Bridgeport, Conn.	Standard.		40. 00
Marion, Ind.	Leader.		40. 00
Indianapolis, Ind.	Hoosier.		40. 00
Crawfordsville, Ind.	Review.		40. 00
Asheville, N. C.	Citizen.		40. 00
Indianapolis, Muncie, and Terre Haute, Ind.	Star.		40. 00
Sacramento, Cal.	Union.	Great Northern Paper Co.	40. 00
Salt Lake, Utah.	Desert News.	Rhinelander Mills.	40. 00
Ottawa, Canada.	Citizen.		40. 00
Houston, Tex.	Chronicle.		40. 00
Norwich, Conn.	Bulletin.		40. 00
Omaha, Nebr.	Daily Bee.	Kimberly & Clarke.	40. 00
Kalamazoo, Mich.	Gazette.	Rhinelander Mills.	40. 00
Oklahoma City, Okla.	Oklahoman.	Hennepin Paper Co.	41. 00

Mr. NORRIS. I have here the answers of the various newspapers to Question A. There are 20 sheets, 21 pages of these typewritten answers, some of them not fully printed on, wherein the newspapers answer this question with more or less explanation of the situation. Shall I in my own way briefly skim over them, or shall I read them through for the information of the committee?

The CHAIRMAN. I should think it would be a waste of time to read them in full. Let us see what they are.

Mr. NORRIS. "Little Rock (Ark.) Democrat." The question was, "Has the price of your news print paper been raised? If so, to what extent, by what mill or agent, and on what date?" "Little Rock (Ark.) Democrat: Yes, we had a contract for 1907 at \$1.80 f. o. b. mills, Dalton Paper Mills, New York & Pennsylvania Co., agents. They ask us \$2.30 for 1908," at those mills, an increase of \$10. That is my interjection. Possibly I should not interject these remarks in reading this. It might on the record confound the statements.

The CHAIRMAN. Those are typewritten copies?

Mr. NORRIS. These are typewritten copies.

The CHAIRMAN. You state that those copies are true copies of the original answers that you have produced?

Mr. NORRIS. That is correct.

The CHAIRMAN. Suppose we just consider that those are inserted in the record, and then you can make such comments upon them and call attention to such things as you please, those being already in the record. These will be inserted in the record in full.

Mr. NORRIS. The New London Daily Globe represents that "The paper that we used during 1906 and up to the summer of 1907 was purchased direct from the Norwood Paper Company, of Norwood, N. Y., at 2 cents f. o. b. New London, in carload lots. September last we sought to place another order for a carload with the same company, and were informed that the price of paper having advanced, they would quote us a price of \$2.60. We had just been visited by the representative of an eastern paper house, and he quoted a price of \$2.55, with a slight discount, for quick payment."

The CHAIRMAN. That can not be gotten out correctly if read in that way.

Mr. NORRIS. I am more concerned whether I am reading too fast for the committee.

The CHAIRMAN. This is already printed?

Mr. NORRIS. Yes; this is in typewriting.

The CHAIRMAN. We have already ordered it printed in the record. There is no use in reading it now, except so far as you want to make a comment upon it or call our attention to some special thing.

Mr. NORRIS. Well, I can submit this, if I can get access to it later on, for comments to the committee.

The CHAIRMAN. If it goes in as copy to the Printing Office it will not come back in that shape. It will be printed.

Mr. NORRIS. I can get a copy after it goes to the Printing Office?

The CHAIRMAN. It will all be cut up.

Mr. NORRIS. I do not care, so that I get the copy in the takes. I can adjust myself to it.

The CHAIRMAN. You call our attention to the various points you have made there.

Mr. NORRIS (reads):

Portland (Ind.) Commercial Review: Raised on August 1 from \$2.05 per hundred weight to \$2.75. The price of \$2.05 was made August 1, 1906—yearly contract, C. P. Liah Paper Co., Indianapolis.

Creston (Iowa) Advertiser-Gazette: Yes; buy of Carpenter Paper Co., Omaha; advance of 65 cents per 100 July 1 over previous year.

Clinton (Iowa) Herald: Raised 50 per 100 pounds in July, 1907. The John Edwards Mfr. Co., Port Edwards, Wis.; St. Louis Paper Co., agents.

The CHAIRMAN. That is all shown in this tabulated statement that you gave us this morning.

Mr. NORRIS. There are some features which I will bring out in a minute.

The Syracuse (N. Y.) Post-Standard, in addition to stating that the increase in price was \$15 per ton, state (reads):

Our current supply is from the St. Regis Company, with which company our current contract was made and to which current bills are paid. Our contract for next year is with H. G. Craig & Co., though we are to receive the St. Regis mill product as now.

The H. G. Craig Company, as we allege, is a very important factor in this arrangement.

The CHAIRMAN. What company is this?

Mr. NORRIS. The H. G. Craig Company, of which John A. Davis is the manager, formerly manager of the General Paper Company. He is the agent to whom, when quotations were rejected by the International, he was referred for supplies.

The CHAIRMAN. John A. Davis, the manager of the General Paper Company, which was dissolved by the United States court?

Mr. NORRIS. Yes.

The CHAIRMAN. What company is he now with?

Mr. NORRIS. He is now the manager of the H. G. Craig Company.

The CHAIRMAN. And who are they?

Mr. NORRIS. They are the selling agents of what were the so-called independent paper mills.

The CHAIRMAN. They are not manufacturers?

Mr. NORRIS. It is the selling agency for mills with a daily capacity of 750 tons, and also selling for other mills with a capacity of 500 tons additional; substantially for an output of 1,200 tons a day, equaling the output of the International Paper Company, and concentrating the business which previously had been divided among many mills.

Mr. SIMS. In that connection, do the mills now sell otherwise than through this agency—the mills you refer to? Do they sell independently of this agency?

Mr. NORRIS. The 750-ton output is directed through that agency. As to the other mills, such as the Cliff, while H. G. Craig & Co. is not the recognized agent, he does sell through it. Frequently when customers want to buy the St. Regis paper, of which H. G. Craig & Co. are the recognized selling agents, the customer is furnished with Cliff paper, which H. G. Craig & Co. sells, but are not recognized exclusively as the selling agents, as we understand it.

Mr. SIMS. But they are the exclusive selling agents for—

Mr. NORRIS. For a daily output of 750 tons a day.

Mr. SIMS. Are the mills that have 750 tons output a day included in the mills that were affected when that company was dissolved?

Mr. NORRIS. No; these are the eastern mills. The western-mill proposition is an entirely different one from that. That is a proposition which we shall take up by showing the appointment of a traffic manager and arrangements for a consolidation of all of these companies into a single combination, and various meetings held from time to time in the West, with appraisers and accountants and mill men examining their properties and going through their books and apparently arranging for a consolidation or merger into one property. But our contention is not that that was in itself an illegality or restraint of trade. We do not concede that it was not, but our point is that the meeting, the harmonious action, resulted in a concert of action, and that it was a factor in bringing about that uniformity, which was a distinct violation of the prohibition order of the United States court, and that among the other companies which were prohibited by that order of the court from acting in concert, there were three companies which participated in the Fiber and Manila Association, the minutes of which we have turned over to the Department of Justice, and which are now under scrutiny in New York by the grand

jury. We have the minutes, the proceedings of eight of the meetings of the Fiber and Manila Association, some of whose members were in the General Paper Company, one or more of whom were in the General Paper Company, and some of whom were news-print paper manufacturers, who by that action contributed either by their refusal or by the concert of action which they maintained with others in violating that prohibition order of the United States court. I can submit this and go on to the answers to the next question.

The CHAIRMAN. Very well. Submit it to the stenographer, unless there is something which you want to call specially to our attention.

Following is the entire document referred to:

(a) Has the price of your newsprint paper been raised? If so, to what extent, by what mill or agent, and on what date?

ANSWERS TO QUESTION A.

Little Rock (Ark.) Democrat: Yes; we had contract for 1907 at \$1.80 f. o. b. mills, Dalton Paper Mills, New York and Pennsylvania Company, agents. They ask us \$2.30 for 1908.

Ottawa (Canada) The Citizen: About 20 cents per hundred pounds by the John R. Booth Company, Ottawa, Canada. Made a three-year contract last May with John R. Booth mill, Ottawa, at 2 cents less 2 per cent cash—would have to pay \$2.20 or higher now.

New London (Conn.) Daily Globe: The paper that we used during 1906 and up to the summer of 1907 was purchased direct from the Norwood Paper Company, of Norwood, N. Y., at 2 cents f. o. b. New London in carload lots. September last we sought to place another order for a carload with the same company and were informed that the price of paper having advanced they would quote us a price of \$2.60. We had just been visited by the representative of an Eastern paper house and he quoted a price of \$2.55, with a slight discount for quick payment.

Stamford (Conn.) Daily Advocate: Yes; from \$2.10 to \$2.50 per hundred—by International Company.

Aurora (Ill.) Daily News: Yes; we last year paid \$2. On new contract we got practically but one quotation—\$2.50, by J. W. Butler Paper Company, Chicago.

Rockford (Ill.) Register-Gazette: Contract for 1907 at \$2.085; closed for 1908 at \$2.41 with Booth Mill, Canada.

Chicago Daily Journal: We had a contract with the Cheboygan Paper Company (a supposedly independent mill) which expired June 1. Our price was \$39 a ton. In the spring this mill had great difficulty in furnishing our supply on account of the burning of the pulp mill at Sault Ste. Marie, and we were obliged to go into the market and buy some paper. We got 10 cars from J. R. Booth, of Ottawa, at a price of \$2.35, sidewalk delivery. When our contract expired June 1 the Cheboygan Paper Company raised its price to us to \$47 a ton, the price which we paid Booth, claiming that that was the market price. This price we are still paying and have no contract. The arrangement is on honor, the president of the Cheboygan Paper Company giving us his personal promise that he will furnish us our entire supply at this price. We on our side, of course, are trying to secure a lower rate.

Wabash (Ind.) Plain Dealer: Yes; about 20 per cent since January 1.

Portland (Ind.) Commercial Review: Raised on August 1 from \$2.05 per hundred-weight to \$2.75. The price of \$2.05 was made August 1, 1906—yearly contract, C. P. Lish Paper Company, Indianapolis.

Indianapolis, Muncie, and Terre Haute (Ind.) Star: Yes; from \$2.05 to \$2.25.

Creston (Iowa) Advertiser-Gazette: Yes; buy of Carpenter Paper Company, Omaha; advance of 65 cents per hundred July 1 over previous year.

Clinton (Iowa) Herald: Raised 50 cents per hundred pounds in July, 1907. The John Edwards Manufacturing Company, Port Edwards, Wis., St. Louis Paper Company, agents.

Burlington (Iowa) Hawk-Eye: Yes; from \$2.08 to \$2.60 per hundred pounds—Graham Paper Company, St. Louis.

Muskogee (Ind. T.) Daily Phoenix: Yes; in December, 1906, we bought, through St. Louis Paper Company, for \$2.40; in March was advanced to \$2.82; in April to \$2.91, and we now have a contract for one year made through Graham Paper Company, of St. Louis, at \$3.

Ottawa (Kans.) Daily Republic: Prices have advanced about \$12 per ton during the past twelve months. This advance has been demanded by J. W. Butler Paper Company, Chicago, Graham Paper Company, St. Louis, Topeka Paper Company, Topeka, et al.

Winfield (Kans.) Courier: Yes; \$9 per ton. Garrett & Allen at St. Louis

Leavenworth (Kans.) Post: Have just received last car on year's contract and notice of increase of 50 to 60 cents a hundred.

Newton (Kans.) Republican: From \$1.94 per hundred at mill to \$2.68 at mill. We buy from wholesale paper houses—J. W. Butler Paper Company and Bradner, Smith & Co., Chicago.

Pittsburg (Kans.) Headlight: Yes; from \$2.26 to \$2.5317 per hundred. Graham Paper Company, about July.

Wichita (Kans.) Daily Beacon: Yes; from \$2.46½ per hundred delivered to about \$3.15. The Beacon Paper Company, St. Louis, expiration of contract.

Fort Scott (Kans.) Tribune-Monitor: Bought under contract in 1906, at \$2.40 delivered. Price now to \$2.80.

Hutchinson (Kans.) News: Yes; from \$2.52 per hundred f. o. b. Hutchinson to \$2.93. Kansas City Paper House—J. W. Butler and Graham Paper Company.

Paducah (Ky.) News-Democrat: Taking effect January 1, 1907, the price of white paper furnished us by the International Paper Company will be advanced from \$2.20 to \$2.62½.

Sault Ste. Marie (Mich.) News: Yes; from \$2.10 November 12, 1906, to \$2.35 February 15, 1907, to \$2.40 July 3, 1907, to \$2.60 September 14, 1907. By Cheboygan Paper Company.

Menominee (Mich.) Herald-Leader: Raised 26½ per cent from \$2 to \$2.57½. By Birmingham & Seaman, Tribune Building, Chicago, August 1, 1907.

Duluth (Minn.) News Tribune: Increased from \$1.92½ to \$2.38 delivered (freight 5 cents) at expiration of old contract, October 1. New contract is for one year. Deal direct with Northwest Paper Company, of Cloquet, Minn.

St. Paul (Minn.) Pioneer Press: Yes; 25 per cent. Dells Paper and Pulp Company, Eau Claire, Wis., September 1, 1907.

Duluth (Minn.) Evening Herald: The price of print paper to the Evening Herald has been raised, taking effect October 1, this year, from \$1.92½ per hundred pounds to \$2.40 per hundred pounds.

St. Paul (Minn.) Dispatch: 58½ cents. From Watab Pulp and Paper Company, Sartell, Minn., \$2.51½. Contract with Cheboygan Paper Company, Cheboygan, Mich., \$1.93.

Joplin (Mo.) News Herald: Made contract July 15, 1905, \$2.12; July, 1906, \$2.20; March, 1907, \$2.61; bought from Graham Paper Company, St. Louis; mill, Nekoosa Paper Company, Nekoosa, Wis.

Sandusky (Ohio) Star-Journal: Fifty cents a hundred by International.

Marietta (Ohio) Journal: It has. From \$2.10 to \$2.75 on car lots. Central Ohio Paper Company, Cleveland Paper Company; in fact, all agencies represented in this territory.

Rochester (N. Y.) Evening Times: Yes. Thirty-three and one-third per cent. St. Regis Paper Company, Watertown, N. Y.

Syracuse (N. Y.) Post-Standard: The price of our news print paper has been raised from \$1.75 for 1906 and 1907 to \$2.50 f. o. b. Syracuse for 1908. Our current supply is from the St. Regis Company, with which company our current contract was made and to which current bills are paid. Our contract for next year is with H. G. Craig & Co., though we are to receive the St. Regis mill product as now.

Jamestown (N. Y.) Journal: Yes; 55 cents per hundred pounds by Oswego Falls Pulp and Paper Company, Fulton, N. Y., on expiration of contract made in 1906; took effect October, 1907, but we closed latter part of August, 1907.

Olean (N. Y.) Evening Herald: Yes. Old contract (Oswego Falls) \$1.95—new contract, \$2.50; contract made last month.

Omaha (Nebr.) World Herald: Yes; beginning January 1, we pay \$2.30 at the mill, whereas now we pay \$1.80 per hundred. Present mill Grand Rapids P. & P. Co.—next year, John Edwards, Fort Edwards, Wis.

Guthrie (Okla.) Leader: Forty per cent.

Lancaster (Pa.) Intelligencer: Price was advanced last winter, and in May we made a contract for a year's supply at an advance of forty-two and five-tenths of a cent more than we had paid. We are supplied by the Great Northern Paper Company.

York (Pa.) Dispatch and Daily: Renewal of contract, 20 per cent.

Wilkes-Barre (Pa.) Leader: Yes; 25 per cent about September 10, 1907.

McKeesport (Pa.) Daily News: Yes; from \$2 to \$2.55.

Providence (R. I.) News-Democrat: Yes.

Sioux Falls (S. Dak.) Daily Press: Yes; about 25 per cent.

Waco (Tex.) Times-Herald: Yes; Graham Paper Company, St. Louis—one-third cent.

Abilene (Tex.) Reporter: Yes; September 10; one-fourth cent a pound; all the houses selling in this territory.

Danville (Va.) The Register and Evening Bee: International Mills; increase of 60 cents per hundred pounds 1908 over 1907 contract.

Parkersburg (W. Va.) State Journal: It has been raised. From about 2 cents to \$2.42 and then to \$2.72. By Whitaker Paper Company.

Shreveport (La.) Times: Yes; from \$2.47½ to \$2.86—by Graham Paper Company, St. Louis. Gradually since January 1, 1907.

The Montgomery (Ala.) Advertiser: My contract expires January 1, 1908, and I have not yet earnestly taken up the question. Expected to November 15.

New Orleans (La.) Picayune: We buy from the Berlin Mills (Brown) at Berlin, N. H., through Charles S. Clark, Potter Building. Price raised in last two months from \$2.40 to \$2.85 per hundred delivered at wharf in New Orleans.

Bath (Me.) Daily Times: On July 1, 1907, by C. M. Rice Paper Company, of Portland—one-half cent. C. M. Rice Paper Company, agents for Bowdoin Paper Mills of Brunswick.

Danville (Ill.) Commercial News: Yes; had contract last year at 2 cents, less 4 per cent. On April 1, 1907, the Manufacturers Paper Company raised us to \$2.50. In July we contracted with Graham Paper Company for \$2.44½. All quotations f. o. b. Danville.

Williamsport (Pa.) News: Yes. From \$2 per one hundred pounds to \$2.27½. March 1, 1907, changed house with new contract.

Willimantic (Conn.) Daily Chronicle: Yes; 20 cents a ream, starting November 1, 1907, International Paper Company.

Mansfield (Ohio) News: Yes; Pettibone Cataract Company, Niagara Falls, N. Y.

Hartford (Conn.) Globe: From \$1.90 to \$2.57. Pejepscot Paper Company, Brunswick, Me. September, 1907.

Youngstown (Ohio) Telegram: Yes; 25 per cent, July 1, 1907. Pettibone Cataract Paper Company, Niagara Falls, N. Y.

Lima (Ohio) Republican Gazette: Yes; one-half cent per pound in July, 1907.

Jackson (Mich.) Morning Patriot: It has; 38 cents per hundredweight, but not by same mill or firm. Date August 15, 1907.

Jamestown (N. Y.) Morning Post: Yes; our former contract was at \$2.10 f. o. b. Jamestown, bought through Buffalo jobbing house and supplied by Berlin mills, Berlin, N. H. New contract July, 1907, at \$2.45 f. o. b. Jamestown through Manufacturers Paper Company, New York, from Dalton Paper Mills, Fitzdale, Vt.

Boston (Mass.) Daily Advertiser and Evening Record: March, 1907, price increased 1½ per cent; weight increased 15 per cent. International Paper Company refused to make paper of the same weight as delivered to us for many years.

Madison (Wis.) State Journal: From \$2.05 to \$2.55.

Marion (Ind.) Leader, Indianapolis (Ind.) Hoosier, Crawfordsville (Ind.) Review, Asheville (N. C.) Citizen: On April 1, 1907, it was raised by the International Paper Company from \$2 to \$2.25 per one hundred pounds, and I understand I am to get another raise January 1, 1908.

Sandusky (Ohio) Register: Our contract expires January, 1908. Present contract is at \$1.9885.

Elkhart, (Ind.): Yes; forty-two one-hundredths about July 12.

Findlay (Ohio) Republican and Jeffersonian: Yes; by all mills and houses from whom we have bought.

Long Branch (N. J.) Record: The price advanced 55 cents per hundredweight for 1908 contract—New York and Pennsylvania Company.

Asbury Park (N. J.) Press: Yes; from \$1.95 per hundredweight f. o. b. Asbury Park to \$2.50 per hundredweight f. o. b. Asbury Park—Dalton Mills, through New York and Pennsylvania Company.

Easton (Pa.) Argus: Price of contract for 1908 supply of paper raised about 30 per cent over 1907 contract—Manufacturers' Paper Company.

Allentown (Pa.) Item: Yes; we have a rate of \$2.60 from Antietam Paper Company, and are now awaiting rates from Megarge Brothers, and expect to have a lower rate.

Danville (Ill.) Democrat: Yes; from \$2.35 to \$2.57½ by C. P. Leah Paper Company, Indianapolis, July 1, 1907.

Newark (N. J.) Sunday Call: In August last Berlin Mills offered to renew at \$2.50. It was declined, and they said price would be \$2.60. It was again offered at \$2.60 on October 14, and no less.

Peru (Ind.) Journal: Yes; price has been raised by all mills and agents. Has run up gradually.

Louisville (Ky.) Evening Post: Six per cent in past two years—International Paper Company.

Wilmington (N. C.) Morning Star: About 50 per cent in last eighteen months. Deal with F. W. Farrell Company, Philadelphia, now. Think they are agents or brokers for mills.

Hartford (Conn.) The Courant: Our contract expires next April, after which time we are advanced \$12 a ton—Great Northern Paper Company.

Ansonia (Conn.) Evening Sentinel: Yes; September 1 raised to \$2.50. Paid before \$.03—New York and Pennsylvania Company.

Savannah (Ga.) Press: It will be after January 1 from \$2.20 to \$2.75 or more.

Huntington (Ind.) Herald: We have bought in the market.

Evansville (Ind.) Journal News: Paper has been advanced from \$2.09 to \$2.25 to \$2.50 to \$2.60 now.

Streaton (Ill.) The Free Press: Yes; 30 cents per hundred weight within thirty days—W. D. Boyce Paper Mills Company.

Joliet (Ill.) The Herald: We paid \$2.05 last year; are now paying \$2.40. Both contracts with J. W. Butler Paper Company.

Elgin (Ill.) Courier: Yes; from 2 cents to 2½ cents per pound—Pilcher, Hamilton Company, Chicago.

Peoria (Ill.) Herald Transcript: Yes; from \$1.97 Del. to \$2.40 Del. July—Graham Paper Company.

Kalamazoo (Mich.) Evening Telegraph: International Paper Company. Present price, \$2.05. Refuse to quote new price—intimate \$2.50 January 1, 1908.

Lansing (Mich.) The State Republican: No; we made contract in 1906 covering our requirements for 1907. Prices quoted by all selling agencies on 1908 supply are from 60 cents to 65 cents per 100 pounds higher than 1907 contracts; \$2.75 is generally named as 1908 price.

Trenton (Mo.) Rep-Tribune: Yes; about 20 per cent wholesale.

Portland (Me.) Press and Times: Yes; about 15 per cent, to take effect January 1, 1908—Dalton Paper Mills, Fitzdale, Vt.

Taunton (Mass.) Herald-News: Yes; in December of last year in making a new contract with Riegel & Co., Philadelphia; paper supplied by W. H. Parsons.

Lawrence (Mass.) Telegram: Our contract for paper runs from January, 1907, to January, 1908. For year beginning January, 1908, the rate has been raised one-half cent a pound. Our paper comes from the Bowdoin Paper Company, of Brunswick, Me., and is purchased through Carter, Rice & Co., of Boston, as agents.

Pittsfield (Mass.) Eagle: Yes; New York and Pennsylvania Company raised from \$2 to \$2.37½ early in year, but placed order with St. George Pulp and Paper Company, of Norwalk, Conn., at \$2.20 (all delivered in Pittsfield in car lots).

Haverhill (Mass.) Evening Gazette: Price was raised \$12 per ton September 23, 1907; New York and Pennsylvania Company, New York, N. Y.

Portland (Me.) Argus: In 1906 paid \$1.90; in 1907, \$2.10; in 1908, \$2.40.

Nashua (N. H.) Telegraph: Forty-five per cent by Manufacturers' Paper Company on contract for 1908.

Keene (N. H.) Sentinel: Yes; 25 per cent in June by International Paper Company.

Newark (N. J.) Star: Yes; from \$2 per hundred pounds to \$2.35; St. Regis Paper Company; new contract May, 1907, for one year.

Camden (N. J.) Post-Telegraph: Yes; raised for one year, 1908, from \$2.15 to \$2.65, by New York and Pennsylvania Company; have signed contract at that figure.

Newark (N. J.) Evening News: On January 1, 1906, price was advanced from \$2.25 to \$2.35 by the International Paper Company.

Paterson (N. J.): From \$1.90 to \$2.60 per hundred pounds.

Newburgh (N. Y.) Daily News: Yes; 45 cents per hundredweight (\$9 per ton). Our contract expired last June; raise was made at that time; New York and Pennsylvania Company.

New York (N. Y.) Journal of Commerce: Raised from \$2 to \$2.47½ per hundred pounds, beginning September 1, 1907, by the Great Northern Paper Company.

Elmira (N. Y.) Star-Gazette: Price advanced in September 60 cents by Oswego Falls Pulp and Paper Company, at Fulton, N. Y.

Olean (N. Y.) Morning Times: Has been increased from \$2.75 to \$3 and more.

Kingston (N. Y.) Freeman: It has been raised by the Great Northern Paper Company to 2½ cents in September, 1907.

Gloversville (N. Y.) Leader: We have contract with Finch, Pruyn & Co., for 2 cents, delivered, good until January 1, 1908; contracted with same company for \$2.60 for 1908.

New York (N. Y.) Morning Telegraph: Yes; Finch, Pruyn & Co.; from \$1.95 per hundred pounds to \$2.50.

Utica (N. Y.) Saturday Globe: Yes; to the extent of 40 cents per hundred pounds; by Alling & Corey, Rochester, N. Y., February 12, 1907.

Hudson (N. Y.) Register: Price has been raised as to our last purchase—July 1, 1907. We buy of Troy Paper Company.

Syracuse (N. Y.) Herald: The contract expires January 1, 1908; price, October 15, 1907, for next year is \$2.60; increase of 75 cents over present contract.

Rochester (N. Y.) Herald: Yes; from \$2.05 to \$2.40 for all in excess of amount contracted for; Finch, Pruyn & Co.; August 1.

Charlotte (N. C.) Observer and Evening Chronicle: Yes; \$8 raise per ton by St. Regis Paper Company, Watertown, N. Y., through Antietam Paper Company, Hagerstown, Md., jobbers.

Greensboro (N. C.) Daily Record: Advanced from \$2.20 to \$2.85 in a year.

East Liverpool (Ohio) Evening Record: Raised July 1 to 2½ cents—International Paper Company. Paid 2 cents for previous year.

Wilkes-Barre (Pa.) Times: Price advanced from \$1.95 per hundred to \$2.50 by the Berlin Mills Company, to take effect July 31, 1907, when our 1906 contract expired.

Williamsport (Pa.) Sun: Not yet; contract made in October, 1906, expiring in April, 1907, at \$2.05. Last quotations same party \$2.60 at time of A. N. P. A. meeting in New York.

Pottsville (Pa.) Daily Republican: Our contract for 1906 was \$2 per hundred, with a special rebate that brought it down to \$1.90 f. o. b. our office, which is equal to a net price at the mill of 18 to 20 cents less. In 1907 our contract was \$2.15, less the 18 to 20 cents freight, etc. We have just signed a contract for 1908 at \$2.65 f. o. b. our office, less the 18 to 20 cents freight.

Johnstown (Pa.) Democrat: We are buying under a contract expiring December 31. We are advised that price will be advanced for next year.

Bradford (Pa.) Era: September, 1906, \$2.20; to September, 1907, \$2.95—Hubbs & Hastings Paper Company, Rochester, N. Y.

Bradford (Pa.) Evening Star: Not for four months. Since this time last year price has increased from \$2 to \$2.75—Cleveland Paper Manufacturing Company.

Reading (Pa.) Times: Raised from \$2.10, less 3 per cent, thirty days, to \$2.65 net. Norwood Paper Company, Norwood, N. Y.

Johnstown (Pa.) Tribune: Yes. Raised from \$2.10 to \$2.60. Contract begins January 1, 1908. Quotation made by J. F. McCaughtry, Pittsburg, sales agent of International Paper Company.

Allentown (Pa.) Morning Call: Yes; from \$1.94 to \$2.40. Contract was made in May, 1907.

Spartanburg (S. C.) Journal: Richmond Paper Manufacturing Company—20 per cent increase by gradual stages during the current year.

Anderson (S. C.) Daily Mail: Raised \$11 per ton.

Chattanooga (Tenn.) News: B. H. Treadwell & Co., Watertown, N. Y., sales agents, failure canceled unexpired contract. December 31, 1907, price \$2.05. We now pay H. G. Craig & Co., 261 Broadway, \$2.60 f. o. b. Chattanooga.

Bristol (Va.-Tenn.) Herald Courier: From \$2.14 per 100 pounds about December 1, 1906, to \$2.71 September 1, 1907, by Louisville Paper Company, representing mill at Norfolk, N. Y.

Wheeling (W. Va.) News: From \$2 to \$2.50 per hundred; quotations for 1908.

Clarksburg (W. Va.) Daily Telegram: Yes; from \$2.25 per hundred to \$3.10 per hundred in one year. R. D. Wilson & Sons, Clarksburg, W. Va.

Parkersburg (W. Va.) Sentinel: About 25 per cent.

Fairmont (W. Va.) West Virginian: Yes; from \$2 per hundredweight to \$2.60 for last shipment—Cleveland, Ohio, Paper Company since 1906.

La Crosse (Wis.) Leader-Press: Yes; McClellan Paper Company, Minneapolis, furnished us paper from Grand Rapids, Wis., mill at \$2.60 f. o. b. La Crosse up to August 1. Advanced price to \$2.57½.

Hot Springs (Ark.) Sentinel-Record: Twenty per cent.

Winsted (Conn.) Citizen: Yes; from \$2.50 per hundred to \$2.70; new contract made in August, 1907.

Meriden (Conn.) Daily Journal: Fifty cents per hundred—New York and Pennsylvania Company.

Chicago (Ill.) Tribune: Yes; by the International Paper Company in January.

Parsons (Kans.) Sun: Yes; from \$2.20 to \$2.81—Rheinlander Mills, jobber, by Kansas City Paper House, Kansas City, Mo.

Salina (Kans.) Journal: Has been raised during last year about 40 cents per hundred—Butler Paper Company, Chicago.

Marion (Ind.) News-Tribune: It has; from \$1.98 net to \$2.42 net by all paper companies.

Goshen (Ind.) News-Times: From \$2 in 1906 to \$2.65 hundredweight.

Adrian (Mich.) Daily Telegram: Yes; year ending August, 1906, bought paper delivered for \$1.96 of J. W. Butler Paper Company, Chicago. Last year, ending August, 1907, paid \$2.06 to Manufacturers' Paper Company, Chicago and New York. This coming year paid \$2.48 to Butler Paper Company.

Fargo (N. Dak.) Forum: Yes; about 23 per cent—Northern Paper Mill, Cloquet, Minn.; Wright, Barrett & Stilwell Company, agents, St. Paul, Minn., at time of new contract in March; contract to commence July 1, 1907.

Crowell Publishing Company (N. Y.): Yes; present contract expires January 1—International.

Syracuse (N. Y.) Journal: In 1906-7 price \$2 less 4 per cent; contract 1908 at \$2.40 less 2 per cent f. o. b. Syracuse—Oswego Falls Pulp and Paper Company, Fulton, N. Y.

Grand Island (Nebr.) Independent: Yes; before we purchased a nine months' supply about 20 per cent, and increase is said to have been made since then.

Reading (Pa.) Eagle: The price was raised in August, 1907, 50 cents per 100 pounds by the Oswego Falls Pulp and Paper Company, Fulton, N. Y.

Pierre (S. Dak.) Capital Journal: Yes; at frequent intervals last year—buy of Carpenter Paper Company, Omaha, Nebr., mostly.

Columbia (S. C.) The State: Raised \$10 a ton July 1, 1907. Former price, \$2.20 delivered. New price, \$2.70 delivered. Freight from Brownsville, N. Y., 38 cents. Terms, net, thirty days. Have bought from International Paper Company for past eight years.

Denison (Tex.): Raised from \$2.668 to \$2.852—Graham Paper Company, St. Louis, Mo.; making of new twelve months' contract in July, 1907.

Wheeling (W. Va.) Register: Raised from \$2.05 to \$2.65 by International; the dealer quotations not so high.

Prescott (Ariz.) Journal Miner: Yes. Have had fair advances since September, 1906. We deal with Blake, Moffitt & Towne, jobbers, Los Angeles, Cal.

Denver (Colo.) News: August 1. From \$1.85 f. o. b. mill to \$2.22½ same. John Edward Manufacturing Company, Port Edwards, Wis.

Boise (Idaho) Statesman: \$8.50 ton. Hennepin. Carpenter Paper Company, Omaha.

Boise (Idaho) Evening Capital News: Yes; 65 cents a hundred. Crown Paper Mill, La Camas, Wash.

Waterloo (Iowa) Courier: Yes; 20 per cent advance, or from \$2 per hundredweight to \$2.40½. Last and present contract with Manufacturers Paper Company, The Rookery, Chicago.

Davenport (Iowa), The Times: No. We purchased the La Crosse Tribune and Hannibal-Courier-Post in January of this year, and I have been buying paper on the market for these properties since that time. I bought all the time Canadian paper from the Booth Mill at Ottawa, through a Chicago jobber, and succeeded in getting a price better than I could secure from the people who had our contract for the three papers or from anyone else. I recently closed a contract with them to run until next August for this Canadian print at a price slightly lower than I could get quoted elsewhere, although at a price fully 50 cents a hundred more than I am paying on our two-year contract on the three papers.

Chanute (Kans.) The Sun: Yes. Kansas City Paper House. From \$2.45 f. o. b. Kansas City to \$3.15.

Rockford (Ill.) Republic: Price raised at end of contract in July, 1907, by Manufacturers Paper Company of New York and Chicago. Twenty per cent raise. Contracted with Graham Paper Company, of St. Louis, a little lower than offered by others for quality of paper.

Baltimore (Md.) American: Raised from \$1.90 to \$2.50 per 100 pounds by International Paper Company.

Winona (Minn.) Independent: Raised 29½ cents per hundred, by agent of Dells Paper Company, Eau Claire, Wis. Agent, McClellan Paper Company, Minneapolis.

Billings (Mont.) Daily Gazette: Yes. By King and Largey, Manhattan, Mont. 42.5 cents per hundredweight July 27. Again by Wright, Barrett, St. Paul, advance of 15 cents per hundredweight July 27.

Anaconda (Mont.) Standard: Forty-six cents per 100 pounds raise over 1906.

Lincoln (Nebr.) Daily Star: Yes; from \$2.25 $\frac{1}{2}$ per 100 delivered to \$2.63 delivered. Carpenter Paper Company, agents, Itasca Mills, Minnesota.

Altoona (Pa.) Evening Gazette: Yes; 50 cents per hundredweight. Berlin Mills Company. April, 1907.

Salt Lake (Utah) Tribune: Yes; from \$2.10 per hundredweight at the mill to \$2.40. Kimberly & Clark, Neenah, Wis. We are buying at a less figure from Crown Columbia Pulp and Paper Company, San Francisco.

Salt Lake (Utah) Deseret News: Our contract (two years) was at \$1.85 f. o. b. mill at Rhinelander, Wis. Will renew February 1 and expect to pay at least 35 cents advance.

Chico (Cal.) Record: Yes; prices have been raised by all San Francisco agents in the past year from \$2.90 to \$3.60 in carload lots. We buy by carloads.

Los Angeles (Cal.) Evening News: Yes; advanced from \$2.53 to \$3.05 f. o. b. Los Angeles. Later price of \$3 was named by Graham Paper Company, St. Louis, Mo., afterwards made more satisfactory contract with Wilamette P. and P. Co., of San Francisco.

Redlands (Cal.) Review: Yes; raised from \$2.55 to \$3.40 in car lots within nine months (f. o. b. here) all mills at same time.

Riverside (Cal.) Enterprise: Yes; by all the California dealers regardless of the product which they are handling. In the past four months print paper in carload lots has been advanced about 30 cents per 100.

Santa Cruz (Cal.) Leaf: Twenty-five per cent.

Meriden (Conn.) Morning Record: Present contract, \$2 delivered, less 2 per cent thirty days. All quotations for 1908, \$2.60 net thirty days.

Wallace (Idaho) Press: Yes; think nearly 10 per cent.

Tulsa (Ind. T.) Daily World: Yes; by National Paper Company, St. Louis. In May, 1907. Also by Western Newspaper Union, Oklahoma City, same month.

The Des Moines Capitol: Yes; from 2 cents f. o. b. Des Moines to 2 $\frac{1}{2}$ cents.

Lake Charles (La.) American: Yes; several successive raises in June and one in September aggregating 65 cents per hundred. E. C. Palmer & Co., New Orleans.

Waterville (Me.) Sentinel: Twenty-five per cent over last year's contract, beginning June 1.

North Adams (Mass.) Transcript: In September the Cliff Paper Company, of Niagara Falls, N. Y., who had been supplying us on contract at \$2.10 per hundred, gave us \$2.50 as their best quotation for the coming year.

Taunton (Mass.) Gazette: Yes; \$2.35 to \$2.60 on October 17 by International Paper Company agent.

Winona (Minn.) Republican-Herald: Yes; by all competing paper houses from \$2 per hundredweight to \$2.40 and \$2.50 for the past three months.

St. Joseph (Mo.) Gazette: Yes; from \$1.95 mill to \$2.40 mill. Itasca Paper Company, Grand Rapids, Minn. For No. 1 special print.

Grand Forks (N. Dak.) Evening Press: Yes; about 50 to 60 cents a hundred. McClellan Paper Company, Minneapolis. Have contracted for 1908 at \$2.89 delivered.

Trenton (N. J.) Sunday Advertiser: Twenty-five per cent. Great Northern Paper Company.

Albuquerque (N. Mex.) Citizen: Carter, Rice & Carpenter, Denver, \$3.45 per hundredweight to \$3.64 since May, 1907.

Amsterdam (N. Y.) Evening Recorder: Yes; from 2 cents delivered to \$2.60 delivered by Finch Pruyn & Co. (Incorporated), Glens Falls, N. Y., January 1, 1908.

New York (N. Y.) Staats-Zeitung: Raised from \$2 to \$2.45. St. Regis Paper Company, H. G. Craig & Co., agents, commencing January 1, 1908.

Findlay (Ohio) Daily Courier: One-half cent per pound, National Paper Company, July 1, 1907.

Greenville (S. C.) Daily News: Yes; an increase of thirty-five one-hundredths of a cent in May, 1907, by Antietam Paper Company, of Hagerstown, Md.

El Paso (Tex.) Herald: Raised 45 cents per 100. Graham Paper Company, of St. Louis.

San Antonio (Tex.) Light: Raised from \$1.90 to \$2.27, Maine mill. From Graham Paper Company.

Beloit (Wis.) Daily News: Raise of 25 per cent, Port Edwards, Wis., mill in July, 1907.

Tucson (Ariz.) Daily Star: Price for news paper has been raised from \$2.25 to \$2.60. Graham Paper Company.

Grand Junction (Colo.) Daily News: Yes; Peters Paper Company, Denver, sold me a car in June at \$3.30. I understand it is now \$3.85 or \$3.90.

Norwich (Conn.) Bulletin: Yes; from \$2 to \$2.15 per 100.

Augusta (Ga.) Chronicle: Yes; 1906 contract, \$2.30; 1907, \$2.80. International Paper Company.

Quincy (Ill.) Herald: Yes; by the Manufacturers' Paper Company, of Chicago, Ill. After contract was ended price was raised on a single car from \$2.12½ to \$2.35 on July 26, 1907.

Rockford (Ill.) Morning Star: Yes; from \$2.14 to \$2.45. Consolidated Water Power and Paper Company, Grand Rapids, Wis.

Evansville (Ind.) Courier: We are paying \$2.09 delivered, on contract that will run us to April 1, 1908. The best quotation we can now secure is \$2.67½ delivered.

Princeton (Ind.) Clarion News: Yes; from \$1.93 per hundredweight to \$2.60. Chatfield & Woods, Cincinnati, June, 1907.

Shreveport (La.) Journal: Yes; October 1.

Springfield (Mass.) Union: We have been procuring our paper from the International Paper Company practically since the organization of that company. Our present contract is at 2 cents f. o. b. Springfield, and expires January 1, 1908. Some time last June the writer approached the New England agent of the International Paper Company asking for quotations on the product for one year dating from the expiration of the present contract. We were told, however, that they could not give any quotations so far in advance of the expiration, but that the International Paper Company had always taken care of its customers and always would. When the time came for quotations they would be satisfactory. The writer immediately began to look up the paper situation and found there was likely to be a considerable advance, and in consequence went to Mr. Husey again and asked him to make contract at that time. His reply was the same as before. He explained further, however, that they were not in a position to tell then what the price would be on January 1. I got several other people to ask this same question of Mr. Husey and they received substantially the same reply. In view of the rapidly advancing market we determined it would not do to wait much longer before making contract, and therefore took the matter up with the Booth mill of Ottawa. About the 1st of August we made a tentative agreement with them for our supply next year at \$2.30 f. o. b. The matter rested in this form until two weeks ago, and in response to another letter to the International Paper Company we were informed that much to their regret they found that the allotment of paper for the New England territory had been curtailed for next year and therefore they would have to get along without some of their good friends, among whom they regretted to say was the Springfield Union. This is the way they apparently intended to take care of us, in spite of their statements made last June. I immediately went up to Canada, however, and took up my option with the Booth mill, as outlined above.

Minneapolis (Minn.) Journal: Our contract expiring November 1, 1907, at \$1.93; made new contract in June, 1907, with another mill at \$2.45.

Meridian (Miss.) Dispatch: Contract made for one year, January 1, but International Paper Company advise us they will not contract for 1908.

Kansas City (Mo.) Journal: We have been paying \$1.80 f. o. b. mills for past two years, and about this price for past five years. The only quotations we have received for 1908 are \$2.50 at the mill.

Sedalia (Mo.) Democrat-Sentinel: On August 1, 1907, news print was advanced on us 51 cents per 100. We are now, and have been for more than a year, buying our paper from the Graham Paper Company, of St. Louis.

Elizabeth (N. J.) Journal: From 2 cents to 2.60 cents. On additional requirements during 1907 above amount contracted for, and for 1908 contract. New York and Pennsylvania Company.

Albany (N. Y.) Argus: Notified on the 25th of increase of 40 cents per 100.

Grand Forks (N. Dak.) Herald: Yes. In June, 1907, we made new contract for a year at an increase from \$2.22½, less 3 per cent cash, to \$2.63 net delivered.

Oklahoma City (Okla.) Oklahoman: Yes. We made a contract January 31, 1907, at an advance from \$1.90 to \$2.09, mill basis. Last year's supply came from Rhinelander Paper Company, Rhinelander, Wis. This year's supply from Hennepin Paper Company, Little Falls, Minn. Both contracts were made through the Graham Paper Company, of St. Louis.

Oil City (Pa.) Derrick: Fifty points. Had no contract for 1907, and prices ranged from \$2.25 to \$2.50 during the year.

Aberdeen (S. Dak.) American: Yes; two or three times in past year. Minneapolis Paper Company and others. Fifty cents per 100 pounds.

Seattle (Wash.) Times: On the 16th day of March, 1907, raised from \$2.50 per hundredweight f. o. b. Seattle to \$3.20. This is practically a raise of 30 per cent by Willamette Paper Company, Oregon City, Oreg.

Deadwood (S. Dak.) Pioneer-Times: Gradual raise from \$2.20 to \$2.90 per 100 since July, 1906. By dealers.

San Antonio (Tex.) Gazette: Yes; from \$1.88 to \$2.27 at mill. Graham Paper Company, St. Louis.

Walla Walla (Wash.) Daily Union: Yes; nearly one-third. Blake-McFall Company, Pacific Paper Company, and all dealers on the coast.

Oshkosh (Wis.) Daily Northwestern: Price raised in May by Kimberly & Clark Company, Neenah, Wis. Raised about 18 per cent.

Bakersfield (Cal.) Californian: Raised? Ye gods! They have done nothing else but raise it 20 per cent at one fell swoop. There is but one price known. California agents.

Stockton (Cal.) Daily Record: Yes; from 2½ cents per pound to 3½ cents. By Zellerbach & Co., San Francisco, for the mills at Oregon City, Oreg. We had a yearly contract for 1907, but news print was raised about January 1, 1907, and continued to increase in price.

Bridgeport (Conn.) Standard: May 1, 1907, raised from 2 cents to 2.25 cents.

Springfield (Ill.) News: Raised 5½ cents.

North Adams (Mass.) Herald: Our last shipment of paper came to us in two prices. 40 rolls at \$2 hundred f. o. b. North Adams and 20 rolls \$2.17 hundred f. o. b. North Adams, from the Sebroun River Paper and Pulp Company. The best price we could get on our last lot was \$2.58 hundred f. o. b. from the New York and Pennsylvania Company.

Kalamazoo (Mich.) Gazette: Yes. \$1.90 to \$2.12½. January 1, 1907. Rhinelander mill at Rhinelander, Wis.

Superior (Wis.) Telegram: Yes; Northern Paper Company, Cloquet, Minn.

Salem (Oreg.) Capital Journal: Oregon mills raised from \$2.15 to \$2.60.

Lynchburg (Va.) News and Advance: Twenty cents per 100 by International Paper Company, April 15, 1907.

Joliet (Ill.) Daily News: Yes; from \$2.05 to \$2.45, July 1, 1907. Changed mills. Old mill refused renewal at any price on account of length of roll being inconvenient for machine. New mill, Booth, Ottawa, Canada.

Kokomo (Ind.) Tribune: Yes; 30 per cent demanded on next year's business.

Omaha (Nebr.) Daily Bee: From \$1.80 to \$2.15 f. o. b. mill. Kimberly, Clark & Co. February 20, 1907, fifteen months.

Trenton (N. J.) Evening Times: Yes; contracted May 13, 1907, with Manufacturers' Paper Company at advance of \$10 per ton over former contract with Pettibone Paper Company.

Pomona (Cal.) Progress: Yes. Zellerbach & Co. One-fourth cent January 29, 1907; one-fourth cent February 13; one-fourth cent May 1, 1907.

Dubuque (Iowa) Telegraph-Herald: Yes; a little over half a cent a pound.

Louisville (Ky.) Herald: Yes; 30 cents per 100; \$2 to \$2.30. Berlin Mills, April 5, 1907.

Owensboro (Ky.) Inquirer: Yes; 25 per cent on new contract August 1, 1907.

Little Falls (N. Y.) Evening Times: Yes; Finch, Pruyn & Co. Glens Falls in August, from \$2.10 to \$2.50 per 100.

Williamsport (Pa.) Grit: New contract for 1908 just closed with International Paper Company is for 50 cents per 100 pounds higher in price than contract for 1907.

Fort Worth (Tex.) Telegram: Yes. Contract ending January 1, 1908, \$1.90 at mill. Contract for year January 1, 1908-9, \$2.42. Graham Paper Company.

Burlington (Vt.) Free Press: Yes; from \$2.15 less 3 per cent to \$2.70 less 3 per cent. St. Regis Paper Company, of Watertown, N. Y.

San Bernardino (Cal.) Evening Index: Yes; from 60 to 75 cents per 100. The raise came about last May.

Sacramento (Cal.) Union: Yes. Great Northern Paper Company, Willamette, \$2.15 at mill. Great Northern under new contract, \$2.25 at mill.

Durango (Cal.) Democrat: Peters Paper Company, Denver, Colo., from \$2.90 to \$3.35 per hundredweight.

Macon (Ga.) News: Price advanced this month for 1908 supply to \$2.85 f. o. b. Macon, Ga., against \$2.30 f. o. b. Macon, 1907.

Decatur (Ill.) Herald: Paying \$2.18 net. Best price quoted about \$2.50.

Wichita (Kans.) Eagle: Yes; 7 cents per hundred by Graham Paper Company in April, 1907.

Owensboro (Ky.) Messenger: Yes; from \$2.20 f. o. b. Owensboro to \$2.62½. Contract for 1908 closed about thirty days ago.

Hastings (Nebr.) Tribune: It has been raised from 2½ to 3½ within the past six months.

Cincinnati (Ohio) Commercial Tribune: Yes; \$9 per ton. International Paper Company. Effective January 1, 1908.

Marion (Ohio) Star: Yes; 2 cents to \$2.65.

Philadelphia (Pa.) Press: January 1, 1907, price raised from \$1.90 to 2 cents. Berlin Mills Company.

Williamsport (Pa.) Gazette-Bulletin: Yes; from \$1.92 to \$2.35. Great Northern Paper Company when we made new contract, July, 1907.

Milwaukee (Wis.) Sentinel: Yes; 25 cents per 100 pounds. By Wisconsin River Paper and Pulp Company. April 1, 1907.

Montgomery (Ala.) Advertiser: My contract expires January 1, 1908, and I have not yet earnestly taken up the question. Expect to do so November 15.

Centralia (Ill.) Evening Sentinel: From \$2.25 f. o. b. Chicago in small quantities to \$2.68 in car lots delivered. Butler Paper Company, Chicago.

Danville (Ill.) Daily Press: Yes; since January 1, 1907, from \$2 to \$2.65 by Butler Paper Company, Chicago.

Lincoln (Ill.) Daily Courier: Yes; J. W. Butler Paper Company, \$2.04 to \$2.35.

Moline (Ill.) Daily Dispatch: Yes; Kimberly Mills, from \$2.02½ to \$2.52½, August 1, 1908.

Peoria (Ill.) Journal: From \$1.97½ to \$2.46 f. o. b. Peoria. Formerly bought through Manufacturers' Paper Company. Now buy through Allen McEnery & Co.

Saginaw (Mich.) Evening News: Yes; raised 20 per cent.

Jackson (Miss.) Daily News: Contract expires December 31, 1907. International Paper Company says they will be unable to quote price as formerly made.

Trenton (N. J.) Times: The Pettibone Paper Company quoted us an advance of \$12 per ton, and we finally closed with the Manufacturers' Paper Company for the year June, 1907, to June, 1908, at an advance of \$10 per ton.

Crowell Publishing Co., New York City: I have just closed with the Laurentide Paper Company, as I told you over the telephone, at a price several cents a hundred below the quotation I received from H. G. Craig & Co., \$2.50 delivered in our factory, Springfield, Ohio.

Columbus (Ohio) Dispatch: Yes; from \$1.90 to 2 cents per pound.

Harrisburg (Pa.) Patriot: Raised from \$1.95 to \$2.50 by Great Northern Paper Company on September 10, 1907, to take effect at expiration of tonnage contract, about December 1.

McKeesport (Pa.) Daily News: Old contract, 2 cents, expired September 1, 1907. New contract, \$2.55, Oswego Falls Paper Company. International would not give any price.

Knoxville (Tenn.) Sentinel: Yes; price advanced from \$2.12½ to \$2.62½; W. H. Parsons Company.

Houston (Tex.) Chronicle: During 1906 paper cost us \$1.80 to \$1.89. New York interior mills. Present price, \$2.15; advanced in February, 1907.

Mr. NORRIS. Later on I presume I may have opportunity to do that. Would the committee be interested in the list of papers replying to these inquiries, arranged by States?

Mr. MILLER. I would.

Mr. NORRIS. I have such a list, which I will submit. I will turn it over to the stenographer.

Mr. MILLER. This is the same as you gave us this morning, except that it is arranged by States?

Mr. NORRIS. No. This covers all of them. Many of them in answering did not give information which we could use in that statement handed in this morning. The list this morning included those who simply answered "Yes; the price has been increased."

Mr. MILLER. Just let it go in through the reporter.

Mr. NORRIS. This is merely a list by States. There happened to be two sequences of it, the second being made up later.

The CHAIRMAN. This ought to have a heading.

Mr. NORRIS. This is a "List, by States, of papers replying to the committee's questions." Would that cover it?

The CHAIRMAN. Anything that makes a heading.

Following is the document referred to, in two sections:

LIST, BY STATES, OF PAPERS REPLYING TO COMMITTEE'S QUESTIONS.

Alabama: The Advertiser, Montgomery.

Arizona: Journal Miner, Prescott.

Arkansas: The Arkansas Democrat, Little Rock; Sentinel Record, Hot Springs; News, Hot Springs.

Canada: The Citizen, Ottawa, Ontario.

Colorado: News-Times Publishing Company, Denver.

Connecticut: Evening Sentinel, Ansonia; the Courant, Hartford; Globe, Hartford; Naugatuck Daily News, Naugatuck; New London Daily Globe, New London; The Day, New London; Daily Advocate, Stamford; Willimantic Daily Chronicle, Willimantic; Meriden Daily Journal, Meriden; Citizen, Winsted.

Georgia: The Savannah Press, Savannah.

Idaho: Statesman, Boise; Evening Capital News, Boise.

Illinois: Daily News, Aurora; Chicago Daily Journal, Chicago; the Chicago Tribune, Chicago; Democrat, Danville; Commercial News, Danville; Courier, Elgin; Herald, Joliet; Herald Transcript, Peoria; Register-Gazette, Rockford; Republic, Rockford; Free Press, Streator.

Indiana: Journal News, Evansville; News Times, Goshen; Herald, Huntington; Star, Indianapolis; Marion News Tribune, Marion; the Leader, Marion; the Hoosier, Indianapolis; the Review, Crawfordsville; Journal, Peru; Commercial Review, Portland; Plain Dealer, Wabash.

Iowa: Burlington Hawk-Eye, Burlington; Herald, Clinton; Advertiser-Gazette, Creston; the Times, Davenport; the Chronicle, Fort Dodge; Journal, Muscatine; Courier, Waterloo.

Indian Territory: Muskogee Daily Phoenix, Muskogee.

Kansas: The Sun, Chanute; Tribune-Monitor, Fort Scott; the News, Hutchinson; Kansas Republican, Newton; the Leavenworth Post, Leavenworth; Daily Republic, Ottawa; Sun, Parsons; Headlight, Pittsburg; State Journal, Topeka; Journal, Salina; Wichita Daily Beacon, Wichita; Courier, Winfield.

Kentucky: Evening Post, Louisville; Louisville Courier-Journal, Louisville; the Sun, Paducah; News-Democrat, Paducah.

Louisiana: The Picayune, New Orleans; Shreveport Times, Shreveport.

Maine: Bath Daily Times, Bath; Argus, Portland; Press and Times, Portland.

Maryland: Baltimore American, Baltimore.

Massachusetts: Daily Advertiser and Evening Record, Boston; News, Fall River; Haverhill Evening Gazette, Haverhill; Lawrence Telegram, Lawrence; Pittsfield Eagle, Pittsfield; Herald-News, Taunton.

Michigan: Adrian Daily Telegram, Adrian. Morning Patriot, Jackson; Kalamazoo Evening Telegraph, Kalamazoo; the State Republican, Lansing; Herald-Leader, Menominee; News, Sault Ste. Marie.

Minnesota: Duluth Evening Herald, Duluth; News Tribune, Duluth; Pioneer Press, St. Paul; St. Paul Dispatch, St. Paul; Winona Independent, Winona.

Missouri: News Herald, Joplin; the Republic, St. Louis; Republic-Tribune, Trenton.

Montana: Billings Daily Gazette, Billings; the Anaconda Standard, Anaconda.

Nebraska: The Independent, Grand Island; Daily Star, Lincoln; World Herald, Omaha.

New Hampshire: Sentinel, Keene; Telegraph, Nashua.

New Jersey: Press, Asbury Park; Post Telegram, Camden; Record, Long Branch; Newark Evening News, Newark; the Newark Sunday Call, Newark; Star (Evening and Morning), Newark; Guardian, Paterson.

New York: The Brooklyn Citizen, Brooklyn; Elmira Star-Gazette, Elmira; Leader, Gloversville; Evening Tribune, Hornell; Hudson Register, Hudson; Journal, Jamestown; Morning Post, Jamestown; Freeman, Kingston; Daily News, Newburgh; Olean Evening Herald, Olean; Olean Morning Times, Olean; Journal of Commerce, New York City; Farm and Fireside, New York City; Morning Telegraph, New York City; the Rochester Herald, Rochester; Evening Times, Rochester; Syracuse Journal, Syracuse; Post-Standard, Syracuse; the Herald, Syracuse; Saturday Globe, Utica.

North Carolina: Daily Record, Greensboro; the Observer, Charlotte; the Morning Star, Wilmington.

North Dakota: Fargo Forum, Fargo.

Ohio: The Leader, Cleveland; the Cleveland Press, Cleveland; Evening Review, East Liverpool; Daily Republican-News, Hamilton; Republican and Jeffersonian and select list of Ohio daily newspapers, Findlay; Republican Gazette, Lima; Journal, Marietta; the News, Mansfield; Register, Sandusky; Star-Journal, Sandusky; the Telegram, Youngstown.

Oklahoma: The Leader, Guthrie.

Pennsylvania: Morning Call, Allentown; the Item, Allentown; Altoona, Evening Gazette, Altoona; Evening Star, Bradford; Bradford Era, Bradford; Argus, Easton; Tribune, Johnstown; Democrat, Johnstown; Lancaster Intelligencer, Lancaster; Daily News, McKeesport; Pottsville Daily Republican, Pottsville; Times, Reading; Eagle, Reading; Wilkes-Barre Leader, Wilkes-Barre; Wilkes-Barre Times, Wilkes-Barre; Wilkes-Barre Record, Wilkes-Barre; Williamsport News, Williamsport; Williamsport Sun, Williamsport; Dispatch and Daily, York.

Rhode Island: The News Democrat, Providence.
 South Carolina: Daily Mail, Anderson; Charleston Evening Post, Charleston;
 News and Courier, Charleston; the State, Columbia; Journal, Spartanburg.
 South Dakota: Capital Journal, Pierre; Daily Press, Sioux Falls.
 Tennessee: News, Chattanooga.
 Texas: Reporter, Abilene; Denison Herald, Denison; Houston Post, Houston;
 Times-Herald, Waco.
 Virginia: Register, Danville; Evening Bee, Danville.
 Vermont: News, Burlington.
 Virginia-Tennessee: Bristol Herald-Courier, Bristol.
 West Virginia: Wheeling Register, Wheeling; Daily Telegram, Clarksburg; Fair-
 mont West Virginian, Fairmont; Sentinel, Parkersburg; State Journal, Parkersburg;
 News, Wheeling.
 Utah: Salt Lake Tribune, Salt Lake; Deseret News, Salt Lake.
 Wisconsin: Evening Wisconsin, Milwaukee; Leader Press, La Crosse; State Journal,
 Madison.
 California: Daily Gazette, Berkeley; The Evening News, Los Angeles; Record,
 Chico; Review, Redlands; Riverside Enterprise, Riverside; Santa Cruz Leaf, Santa
 Cruz.
 Connecticut: Meriden Morning Record, Meriden.
 Idaho: Idaho Press, Wallace.
 Indiana: The Sentinel, Fort Wayne.
 Indian Territory: Tulsa Daily World, Tulsa.
 Iowa: The Des Moines Capitol, Des Moines.
 Kansas: The Herald, Ottawa.
 Louisiana: American, Lake Charles.
 Maine: Waterville Sentinel, Waterville.
 Massachusetts: North Adams Transcript, North Adams; Gazette, Taunton.
 Michigan: The Evening Press, Grand Rapids.
 Minnesota: The Republican-Herald, Winona.
 Missouri: St. Joseph Gazette, St. Joseph.
 North Carolina: Charlotte News, Charlotte.
 North Dakota: Evening Press, Grand Forks.
 New Jersey: N. J. Freie Zeitung, Newark; Sunday Advertiser, Trenton.
 New Mexico: Citizen, Albuquerque.
 New York: Evening Recorder, Amsterdam; Auburn Advertiser, Auburn; Staats
 Zeitung, New York.
 Ohio: The Daily Times-Star, Cincinnati; Daily Courier, Findlay.
 Pennsylvania: McKeesport Evening Times, McKeesport.
 South Carolina: Daily News, Greenville.
 Texas: Herald, El Paso; Galveston Tribune, Galveston; San Antonio Light, San
 Antonio.
 Tennessee: Nashville Tennessean, Nashville.
 Wisconsin: Beloit Daily News, Beloit.
 Arizona: Arizona Daily Star, Tucson.
 Arkansas: Arkansas Gazette, Little Rock.
 California: Bakersfield, the Californian; Los Angeles, Los Angeles Times; Los
 Angeles, Examiner; Stockton, Daily Record.
 Colorado: Grand Junction, the Daily News.
 Connecticut: Bridgeport, the Standard; Meriden, Morning Record; Norwich, Bul-
 letin.
 Georgia: Atlanta, the Georgian and News; Augusta, Chronicle.
 Illinois: Quincy, Herald; Rockford, Morning Star; Springfield, News.
 Indiana: Evansville, Press; Evansville, Courier; Princeton, Clarion-News.
 Indian Territory: McAlester, Daily Capital.
 Louisiana: Shreveport, Journal.
 Massachusetts: North Adams, Herald; Springfield, Union.
 Minnesota: Minneapolis, Journal.
 Michigan: Kalamazoo, Gazette; Superior, Telegram.
 Mississippi: Meridian, Morning Dispatch.
 Missouri: Kansas City, Journal; Sedalia, Democrat and Sentinel.
 New Jersey: Elizabeth, Journal; Paterson, News.
 New York: Albany, the Argus; Buffalo, Express.
 North Dakota: Grand Forks, Herald.
 Ohio: Cleveland, Press; Newark, American Tribune; Springfield, Gazette.
 Oklahoma: Oklahoma City, the Oklahoman.
 Oregon: Salem, Capital Journal.
 Pennsylvania: Oil City, Derrick.

Virginia: Lynchburg, News and Advance.
 South Dakota: Aberdeen, American; Deadwood, Pioneer Times.
 Tennessee: Chattanooga, News; Memphis, Press.
 Texas: San Antonio, Gazette.
 Washington: Seattle, Post-Intelligencer; Seattle, Daily and Sunday Times; Walla Walla, Daily Union.
 Wisconsin: Oshkosh, Daily Northwestern.
 California: Oakland, the Herald.
 Georgia: Atlanta, Atlanta Journal.
 Illinois: Joliet, Daily News.
 Indiana: Kokomo, Tribune.
 Nebraska: Omaha, Daily Bee.
 New Jersey: Trenton, Trenton Evening Times.
 California: San Bernardino, Evening Index; Sacramento, Union.
 Colorado: Durango, Democrat.
 Georgia: Macon, News.
 Illinois: Decatur, Herald.
 Kansas: Wichita, Eagle.
 Kentucky: Owensboro, Messenger.
 Massachusetts: Lowell, Courier-Citizen.
 Nebraska: Hastings, Tribune.
 Ohio: Cincinnati, Commercial Tribune; Marion, Star.
 Pennsylvania: Philadelphia, Press; Williamsport, Gazette and Bulletin.
 Wisconsin: Milwaukee, Sentinel.
 California: Los Angeles, Record; Pomona, Progress; Sacramento, Evening Bee; Redlands, Daily Facts; San Jose, Mercury.
 Iowa: Dubuque, Telegraph-Herald.
 Kentucky: Louisville, Herald; Owensboro, Inquirer.
 Massachusetts: Boston, Herald.
 New York: Little Falls, Evening Times.
 Ohio: Cincinnati, Post; Cleveland, News; Toledo, News-Bee.
 Pennsylvania: Williamsport, Grit.
 Texas: Fort Worth, Telegram.
 Vermont: Burlington, Free Press.
 Alabama: Montgomery, the Advertiser.
 Hawaii: Honolulu, Hawaiian Star.
 Illinois: Centralia, Evening Sentinel; Danville, Daily Press; Lincoln, Daily Courier; Macomb, Journal; Moline, Daily Dispatch; Peoria, Journal; Springfield, Illinois State Register.
 Michigan: Saginaw, Evening News.
 Mississippi: Jackson, Daily News.
 New Jersey: Trenton, Evening Times.
 Nevada: Tonopah, Tonopah Sun.
 New York: New York, Crowell Publishing Co.; Saratoga, the Saratogian.
 Ohio: Columbus, the Despatch.
 Pennsylvania: Harrisburg, the Patriot.
 Tennessee: Knoxville, the Sentinel.
 Texas: Houston, the Houston Chronicle.

LIST OF PAPERS REPLYING TO QUESTIONS OF COMMITTEE ON PAPER OF AMERICAN NEWS-PAPER PUBLISHERS' ASSOCIATION, OCTOBER, 1907.

California: Daily Gazette, Berkeley; the Evening News, Los Angeles; Record, Chico; Review, Redlands; Riverside Enterprise, Riverside; Santa Cruz Leaf, Santa Cruz.
 Connecticut: Meriden Morning Record, Meriden.
 Idaho: Idaho Press, Wallace.
 Indiana: The Sentinel, Fort Wayne.
 Indian Territory: Tulsa Daily World, Tulsa.
 Iowa: The Des Moines Capitol, Des Moines.
 Kansas: The Herald, Ottawa.
 Louisiana: American, Lake Charles.
 Maine: Waterville Sentinel, Waterville.
 Massachusetts: North Adams Transcript, North Adams; Gazette, Taunton.
 Michigan: The Evening Press, Grand Rapids.
 Minnesota: The Republican-Herald, Winona.
 Missouri: St. Joseph Gazette, St. Joseph.
 North Carolina: Charlotte News, Charlotte; the Citizen, Asheville.

North Dakota: Evening Press, Grand Forks.
 New Jersey: N. J. Freie Zeitung, Newark; Sunday Advertiser, Trenton.
 New Mexico: Citizen, Albuquerque.
 New York: Evening Recorder, Amsterdam; Auburn Advertiser, Auburn; Staats Zeitung, New York.
 Ohio: The Daily Times-Star, Cincinnati; Daily Courier, Findlay.
 Pennsylvania: McKeesport Evening Times, McKeesport.
 South Carolina: Daily News, Greenville.
 Texas: Herald, El Paso; Galveston Tribune, Galveston; San Antonio Light, San Antonio.
 Tennessee: Nashville Tennessean, Nashville.
 Wisconsin: Beloit Daily News, Beloit.
 Arizona: Arizona Daily Star, Tucson.
 Arkansas: Arkansas Gazette, Little Rock, Ark.
 California: Bakersfield, the Californian; Los Angeles, Los Angeles Times, Los Angeles Examiner; Stockton, Daily Record.
 Colorado: Grand Junction, the Daily News.
 Connecticut: Bridgeport, the Standard; Meriden, Morning Record; Norwich, Bulletin.
 Georgia: Atlanta, the Georgian and News; Augusta, Chronicle.
 Illinois: Quincy, Herald; Rockford, Morning Star; Springfield, News.
 Indiana: Evansville, Press, Evansville Courier; Princeton, Clarion-News.
 Indian Territory: McAlester, Daily Capital.
 Louisiana: Shreveport, Journal.
 Massachusetts: North Adams, Herald; Springfield, Union.
 Minnesota: Minneapolis, Journal.
 Michigan: Kalamazoo, Gazette; Superior, Telegram.
 Mississippi: Meridian, Morning Dispatch.
 Missouri: Kansas City, Journal; Sedalia, Democrat and Sentinel.
 New Jersey: Elizabeth, Journal; Paterson, News.
 New York: Albany, the Argus; Buffalo, Express.
 North Dakota: Grand Forks, Herald.
 Ohio: Cleveland, Press; Newark, American Tribune; Springfield, Gazette.
 Oklahoma: Oklahoma City, the Oklahoman.
 Oregon: Salem, Capital Journal.
 Pennsylvania: Oil City, Derrick.
 Virginia: Lynchburg, News and Advance.
 South Dakota: Aberdeen, American; Deadwood, Pioneer Times.
 Tennessee: Chattanooga, News; Memphis, Press.
 Texas: San Antonio, Gazette.
 Washington: Seattle, Post-Intelligencer, Daily and Sunday Times; Walla Walla, Daily Union.
 Wisconsin: Oshkosh, Daily Northwestern.

Mr. NORRIS. The next question propounded to the publishers was this: "Have any intimations been given to you respecting an advance upon the price paid by you for the year 1906? If so, by whom and when, and what was the amount of the advance?"

The CHAIRMAN. What was the question?

Mr. NORRIS (reads): "Have any intimations been given to you respecting an advance upon the price paid by you for the year 1906? If so, by whom and when, and what was the amount of the advance?"

[Mr. Norris then proceeded to read the following document through-out:]

(b) Have any intimations been given to you respecting an advance upon the price paid by you for the year 1906? If so, by whom and when and what was the amount of the advance?

ANSWERS TO QUESTION B.

Montgomery (Ala.) Advertiser: Yes. My contract now is with New York and Pennsylvania company, New York, whose president, Mr. Payne, told me in September I would probably have to pay about one-half advance for next year.

Hot Springs (Ark.) Sentinel Record: All traveling representatives of paper houses.

Hot Springs (Ark.) News: Yes, by all agents who have called.

Meriden (Conn.) Daily Journal: Advance starts January 1, 1908.

That was not a direct answer to the question. [Continues reading:]

Savannah (Ga.) Press: International Paper Company. Don't know; they refuse to quote exact price. Probably \$2.75.

Chicago (Ill.) Tribune: Yes; by the International Paper Company. Within the week, to the maximum price provided in the contract, about 7½ per cent.

Joliet (Ill.) Herald: We went into the open market on expiration, in April, of our 1906 contract, and made the best bargain we could.

Streator (Ill.) Free Press: All agents and dealers whom we have met.

Evansville (Ind.) Journal News: No; there seems to be plenty of paper for immediate delivery, if one has the price.

Huntington (Ind.) Herald: Crescent Paper Company, Indianapolis, to 3½ cents. Others have affirmed this idea.

Marion (Ind.) Leader, Indianapolis (Ind.) Hoosier, Crawfordsville (Ind.) Review, and Asheville (Ind.) Citizen: Yes; but new advance not specified.

Goshen (Ind.) News-Times: All paper houses raised prices. No explanation needed. We had to have print.

Marion (Ind.) News Tribune: It was intimated by all wholesale houses that paper would be advanced in price.

Salina (Kans.) Journal: Agents of different companies have predicted increase.

Parsons (Kans.) Sun: By Kansas City people early in the fall of 1906, about 50 cents.

Louisville (Ky.) Evening Post: Yes; by International Paper Company.

Bath (Me.) Daily Times: Yes; by above agents.

Lawrence (Mass.) Telegram: We have understood for some time that on a new contract the price would be materially advanced.

Adrian (Mich.) Daily Telegram: General traveling men have stated the price is likely to go to 3 cents.

Jackson (Mich.) Morning Patriot: Was told in July of advance by Manufacturers Paper Company who held our contract. They refused to deliver last two cars because price advanced. They claimed another reason.

Kalamazoo (Mich.) Evening Telegraph: From \$2.05 to \$2.50 or \$2.60.

Lansing (Mich.) Republican: No; we made contract in 1906 covering 1907 requirements.

Boston (Mass.) Daily Advertiser and Evening Record: March, 1907. International Paper Company and Pejepscott Paper Company, but made same rate per pound—an advance of 27½ per cent over 1906.

Keene (N. H.) Sentinel: Yes.

Nashua (N. H.) Telegraph: We are paying less for 1907 than for 1906

Mr. STAFFORD. You say less for 1907 than for 1906?

Mr. NORRIS. That is right.

Mr. STAFFORD. What paper is that?

Mr. NORRIS. The Nashua, N. H., Telegraph.

Mr. STAFFORD. Does it state how much less?

Mr. NORRIS. That is all it says on that subject. I could probably get out the letter for you if you desire. [Continues reading:]

Camden (N. J.) Post Telegram: We heard in a general way that mills have been advancing during the past eight months.

Newark (N. J.) Evening News: International Paper Company has intimated that the price of paper at the expiration of our contract, January 1, 1907, will be somewhat higher.

Newark (N. J.) Sunday Call: About August 30 increase 30 cents per hundred, and later 40 cents per hundred.

Grand Island (Nebr.) Independent: Price increased about 40 cents per 100 (flat paper) since 1906.

That is evidently paper served in sheets, which is a very inconsiderable part of the output. [Continues reading.]

Elmira (N. Y.) Star-Gazette: Various agents told us prices would be higher, but would not quote prices except for immediate delivery.

Olean (N. Y.) Morning Times: Increase steady since 1906, but big increase quite recent.

New York City Morning Telegraph: Amount of advance 55 cents per 100 pounds, to take effect January 1, 1906.

Hudson (N. Y.) Register: We were told in advance that prices would be increased. Advance was about 10 cents per hundredweight.

Rochester (N. Y.) Herald: Price quoted October 1, \$2.60 by Finch, Pruyn & Co., and also by representative of St. Regis Paper Company.

Hornell (N. Y.) Evening Tribune: Representative International told us price would be materially increased. Have not yet made contract.

New York City (N. Y.) Farm and Fireside: Nothing said until we opened the subject. We were then informed by International that they could not serve us in 1908.

New York City (N. Y.) Journal of Commerce: Was warned of advance—told to act promptly or get left; that I was lucky to get it at above price—by Great Northern Paper Company.

Greensboro (N. C.) Daily Record: All the mills have gone up.

Charlotte, N. C., The Observer: Not until we went in the market for 1907 contract.

Wilmington, N. C., The Winning Star: From intimations and quotations am positive I will have to pay more on my next order.

Fargo (N. Dak.) Forum: Understood from Northern Paper Mill, Cloquet, Minn., and from all paper men in Northwest that I could not get a renewal of old contract for some nine months before new contract was made.

Hamilton (Ohio) Daily Republican-News: Been advised by numerous paper salesmen that we will have to pay.

I have a list of twenty-five or thirty other Ohio papers in the Association. [Continues reading:]

Coshocton (Ohio) Age, Alliance (Ohio) Review, Newark (Ohio) Advocate, Piqua (Ohio) Call, Marion (Ohio) Star, Mansfield (Ohio) News, Lorain (Ohio) Times-Herald, Lancaster (Ohio) Gazette, Zanesville (Ohio) Times-Recorder, Cambridge (Ohio) Times, Kenton (Ohio) News-Republican, Sandusky (Ohio) Register, Athens (Ohio) Messenger, Bowling Green (Ohio) Sentinel-Tribune, Portsmouth (Ohio) Times, Mount Vernon (Ohio) Republican News, Painesville (Ohio) Telegraph, Massillon (Ohio) Gleaner, Elyria (Ohio) Telegram, Findlay (Ohio) Republican-Jeffersonian, Warren (Ohio) Chronicle, Hamilton (Ohio) Republican-News, Wooster (Ohio) Republican, and Urbana (Ohio) Tribune: We have been informed that the prices will continue to advance and will probably reach 3 cents per 100.

Sandusky (Ohio) Register: Yes; all of them; over 25 per cent from price of our contract for 1907.

Mansfield (Ohio) News: Price quoted for 10 cars delivered 1908 at \$2.65.

Youngstown, Ohio, The Telegram: Yes; I am told we will have to pay more next year—i. e., after July 1, 1908.

Lancaster (Pa.) Intelligencer: No; except that occasional traveling agents have said that news was going up.

Allentown, Pa., The Item: A year or more ago representatives of the International Paper Company threatened that paper would be 3 cents before long.

Wilkes-Barre (Pa.) Times: Yes; we were advised early in 1906 that the price was to be advanced, which statement was reiterated frequently by sales agent of the Berlin Mills Company.

Williamsport (Pa.) Sun: New York and Pennsylvania Company of New York.

That is his answer as to the intimations. [Continues reading:]

Allentown (Pa.) Morning Call: Yes; covered by above.

Bradford (Pa.) Evening Star: Not before we asked for quotations.

Johnstown (Pa.) Democrat: Yes. Have made many inquiries for next year's supply and uniformly have been advised of advance. Lowest quotations \$2.60 f. o. b. Johnstown.

Reading (Pa.) Times: Yes; Parsons Brothers, 20 Vesey street, New York.

Johnstown (Pa.) Tribune: J. C. Deery, representing J. M. Place & Co., 67 Wall street, New York, advised writer that every manufacturer and selling agency would raise. Interview had on or about 10th October, 1907.

Providence (R. I.) News Democrat: Yes.

Charleston (S. C.) Evening Post: Yes; Antietam Paper Company. Price not named.

Anderson (S. C.) Daily Mail: All dealers have notified us of advance.

Pierre (S. Dak.) Capital-Journal: All traveling men told us in advance of coming raises.

Chattanooga (Tenn.) News: No intimation. We have been forced to contract this year at \$2.60 f. o. b. Chattanooga.

Abilene (Tex.) Reporter: Graham Paper Company, Buttler Paper Company, Kansas City.

Bristol (Va., Tenn.) Herald-Courier: We have been buying from two to four cars at at time. There has been an advance on every order finally to \$2.71.

Burlington (Vt.) News: Yes; no definite amount first, but now I understand about 50 cents a hundred. C. S. Proctor. Boston.

Wheeling (W. Va.) Register: Paid \$1.85 to \$1.90 in 1906, and was raised to \$2.05 if agreed to make contract to December 31, 1907; which was done.

Parkersburg (W. Va.) Sentinel: Yes; about 25 per cent.

Fairmount (W. Va.) West Virginian: All paper houses have repeatedly notified us that these advances would be made from time to time.

La Crosse (Wis.) Leader-Press: Present quotations are \$2.72½ f. o. b. La Crosse by all agents stopping here.

Madison (Wis.) State Journal: Chicago Paper Company representative says prices will go to \$3.

Prescott (Ariz.) Journal Miner: Intimations of an advance given by B., M. & T. last month, but no amount given. [Blake, Moffitt & Towne.]

Boise (Idaho) Evening Capital News: Yes; all paper houses and mills.

Waterloo (Iowa) Courier: 1906 contract expired August 1, 1907. Were notified of advance a few weeks prior to that date. Tried to buy elsewhere, but other bids were 5 cents to 7 cents higher, which led us to believe that we had been allotted to the Manufacturers Paper Company.

Davenport (Iowa) Times: Yes.

Rockford (Ill.) Republic: An advance in price was "in the air" and still further advance is predicted.

Billings (Mont.) Daily Gazette: Yes; the mills raised the price.

Lincoln (Nebr.) Star: Carpenter Paper Company foretold the advance.

Cleveland (Ohio) Press: Traveling representatives of paper houses have never failed when calling to impress upon us that the price of print paper is steadily advancing and that price next year will be 15 per cent to 25 per cent higher than price we are now probably paying.

Mr. STAFFORD. The answer does not state there how long they had been advised that the price was going to be continually advancing?

Mr. NORRIS. No. I have given it just as it is there. [Continues reading.]

Salt Lake (Utah) Deseret News: Only in a general way. Quotations from all dealers have advanced.

Naugatuck (Conn.) Daily News: Drummers say it will advance 50 cents per 100 pounds soon after January 1, 1908.

Aurora (Ill.) Daily News: New contract entered into about September 1, 1907.

Rockford (Ill.) Register-Gazette: Nine out of 11 mills refused to quote on our 1908 supply. Illinois Daily Newspaper Association asked quotations from 40 mills and jobbers; got only two bids on picked papers.

Wabash (Ind.) Plain Dealer: We have been notified of several advances since last year by selling agents.

Creston (Iowa) Advertiser-Gazette: Yes, at various times during present year; representatives of various wholesale paper houses.

Clinton (Iowa) Herald: Intimations made repeatedly by St. Louis Paper Company's agents.

Muskogee (Ind. T.) Daily Phoenix: Yes, by the St. Louis Paper Company, Beacon Paper Company, National Paper Company, and Graham Paper Company, of St. Louis, as above indicated.

Ottawa (Kans.) Daily Republic: Paper salesmen have told me from time to time that the price would advance, and it always did.

Winfield (Kans.) Courier: Yes, by all travelers; say it will be 3 cents at mill.

Leavenworth (Kans.) Post: Representatives of Carpenter Paper Company supplying from Little Falls, Minn.

Topeka (Kans.) State Journal: Yes.

Pittsburg (Kans.) Headlight: Yes—by Graham, Kansas City Paper House, Butler, Beacon, and other wholesale paper house representatives.

Wichita (Kans.) Daily Beacon: Several selling agents have estimated that the price would range around \$3.05 delivered here.

Sault Ste. Marie (Mich.) News: By Cheboygan Paper Company and by Chicago Paper Company, June or July, 1907.

Duluth (Minn.) News Tribune: Have been given to understand that next year the price would probably be still higher.

Duluth (Minn.) Evening Herald: It has been intimated to me at various times during the past three or four months that the price of print paper was going up, and was at that time much higher than the Herald was paying; how much we were to be raised was never intimated to me until about a month before the expiration of our contract, when I was told the price would be somewhere between \$2.40 and \$2.50 per hundred pounds.

St. Paul (Minn.) Dispatch: On November 18, 1905, we made a thirty-month contract with Cheboygan Paper Company, 5,000 tons, at \$1.93 delivered.

Joplin (Mo.) News Herald: Each time contract was made intimations were we would have to pay more next time.

St. Louis (Mo.) Republic: Have learned from representatives of International Paper Company and Remington-Martin Paper Company that present market price for delivery in St. Louis is \$2.65 to \$2.75 per 100 pounds.

Marietta (Ohio) Journal: Yes; by all agents. Since September 15, \$2.40 to \$2.75.

Rochester (N. Y.) Evening Times: St. Regis Paper Company, of Watertown, N. Y.; 33½ per cent.

Omaha (Nebr.) World Herald: Canadian mills offered \$1.90 f. o. b. mill. Grand Rapids Pulp and Paper Company, Grand Rapids, Wis., raised rate from \$1.80 f. o. b. mill in 1907 to \$2.37½ f. o. b. mill in 1908.

Los Angeles (Cal.) Evening News: Yes; J. B. Jones, local agent Graham Paper Company, repeatedly stated during months of June and July, 1907, that an advance was coming. Price was increased from \$2.30 to \$3.05, then reduced to \$3.

Redlands (Cal.) Review: Have talked to manufacturers' agents and jobbers, who say their best information is that prices will still go higher.

Riverside (Cal.) Enterprise: We purchase mostly from Blake, Moffitt & Towne, but all dealers have advised us to buy, for the reason that further advances were to be expected.

Wallace (Idaho) Press: Yes; representative of Spokane Paper and Stationery Company, of Spokane, of whom we buy most of our paper.

Tulsa (Ind. T.) Daily World: Eight months ago price delivered was quoted at \$2.88; now price is quoted at \$3.10. Made purchase of 2 carloads last sixty days \$3 delivered, and bought from Newspaper Union, Oklahoma City.

Grand Rapids (Mich.) Evening Press: Yes; price not as yet definitely stated.

St. Joseph (Mo.) Gazette: Further advances are threatened.

Charlotte (N. C.) News: Yes; jobber says price will be much higher.

Newark (N. J.) Freie Zeitung: Yes; various concerns have informed us that the price was going to be raised.

New York (N. Y.) Staats Zeitung: Raised 1906 from \$1.75 to 1907, \$2. Same parties. Could not get paper from any other concern.

The CHAIRMAN. The New York Staats-Zeitung is Mr. Ridder's paper?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. What was the rate per ton before?

Mr. NORRIS. He made a contract in 1906 for \$35 a ton. He is now paying \$49 a ton, the increase in two years being \$14, of which \$5 was in the year from 1906 to 1907 and \$9 recently.

The CHAIRMAN. Do you know how long that contract had been running which Mr. Ridder had at \$35 per ton?

Mr. NORRIS. For a year, apparently.

The CHAIRMAN. What had he been paying before that?

Mr. NORRIS. I think he had been paying \$2 per 100 pounds. I am not clear. My impression was that he was paying \$2.

The CHAIRMAN. \$40 a ton?

Mr. NORRIS. Yes, sir; then he made a contract for \$35 a ton, which is much less than any I have seen in New York City.

The CHAIRMAN. Is that as low a contract as he ever had?

Mr. NORRIS. No; he had a lower contract in 1897. We all had lower contracts than that. I bought 3,000 tons at \$32 a ton, delivered f. o. b. sidewalk, in 1896 or 1897, and I bought 40,000 at \$33 a ton prior to the creation of the International Paper Company. [Continues reading:]

Findlay (Ohio) Daily Courier: Several representatives have told us there would be a raise.

Galveston (Tex.) Tribune: Graham Paper Company's Texas representative, with whom we deal, has mentioned several times that prices would be advanced.

San Antonio (Tex.) Light: All representatives have said price would go up.

Beloit (Wis.) Daily News: General hint of rapid advance by wholesale paper house representatives.

Tucson (Ariz.) Daily Star: This year's intimation has been that news paper would advance. Graham Paper Company and others.

Norwich (Conn.) Bulletin: Yes; by International and Manufacturers Paper Company and Berlin Mills Company. Began talking increase in December, 1906.

Augusta (Ga.) Chronicle: Yes; International Paper Company.

Quincy (Ill.) Herald: Traveling agents all prophesied an advance in prices and letters from paper houses were the same.

Princeton (Ind.) Clarion-News: Yes; by all paper sellers visiting us.

McAlester (Ind. T.) Daily Capital: Yes; traveling representatives. No amount fixed.

Meridian (Miss.) Morning Dispatch: Have been informed that price will be advanced 60 cents, but not by any specific authority.

Kansas City (Mo.) Journal: From \$1.80 to \$2.50 by Combined Locks Paper Company, Combined Locks, Wis., and they have not yet agreed to give us contract for 1908 at that price—\$2.50.

Elizabeth (N. J.) Journal: Early in May, 1907, we were notified that we were running ahead of the average monthly amount contracted for for year 1907, and we made supplemental contract for what we might need in addition during 1907, at \$2.60.

Newark (Ohio) American Tribune: Have not bought direct. The Central Ohio Paper Company, Columbus, Ohio, notified us of an expected raise.

Oil City (Pa.) Derrick: In 1906 we paid \$2; for 1907 we are paying \$2.50. The best offer we can get for 1908 is \$2.56.

Aberdeen (S. Dak.) American: Yes; Minneapolis Paper Company, Wright, Burrell & Stillwell.

Deadwood (S. Dak.) Pioneer-Times: Jobbers' agents talk of advances all the time.

Memphis (Tenn.) Press: Yes; they talk still higher prices.

Walla Walla (Wash.) Daily Union: To-day received an intimation from Pacific Paper Company's agent that another raise of 15 cents was expected from mills.

Oshkosh (Wis.) Daily Northwestern: We understand there is going to be another raise this fall. How much, we do not know.

Bakersfield (Cal.) Californian: Have constant assurance that print is to go up.

Stockton (Cal.) Daily Record: The newspaper print people have been telling us for the past year that paper was going to continue to raise in price. Every agent told us this same thing. Most admitted the presence of a trust. They said their trade papers told them about proposed increase in prices.

Bridgeport (Conn.) Standard: International Paper Company.

Springfield (Ill.) News: Yes. By the J. W. Butler Paper Company and the Graham Paper Company; also by the Manufacturers' Paper Company.

Kalamazoo (Mich.) Gazette: \$2.51½; J. W. Butler Company, Chicago; \$2.56, Allen McEnery, Chicago; \$2.70, Chatfield & Wood.

Superior (Mich.) Telegram: Paid \$1.92½ f. o. b. Superior. Now pay \$2.38, same terms.

Oakland (Cal.) Herald: Yes; market to-day is much in excess of our contract price.

Joliet (Ill.) Daily News: Yes (see question a)

Trenton (N. J.) Evening Times: In spring of 1907 information from many mills intimated enormous advance, but only two mills quoted of eight asked. The Times is the only evening paper in Trenton; circulation, 20,000. Present tonnage, about 1,000 tons. Visited above-mentioned eight mills and agents in spring, 1907. Met general refusal to quote except between Pettebone and Manufacturers' Paper Company. Personal rivalry explained this, as in 1904 Manufacturers' took contract away from Pettebone and in 1906 Pettebone took contract from Manufacturers'; so we seemed fortunate in getting this little competition and escaped the enormous demand of the Pettebone mill. Everything indicated a combination not to quote, but to leave every customer at mercy of its last contract holder.

Sacramento (Cal.) Union: Yes; by both above mills. Made a two-years' contract at above price effective January 1, 1908.

Decatur (Ill.) Herald: All mills and jobbers refuse to quote definite price because our contract does not expire until July, 1908.

Wichita (Kans.) Eagle: By every jobber talked to; 25 cents or more.

Owensboro (Ky.) Messenger: Yes; International Paper Company.

Hastings (Nebr.) Tribune: Salesmen intimated that price would go up.

Philadelphia (Pa.) Press: General conversation with representative of the Berlin Mills Company paper would be much higher on our next contract; no price stated.

I want to call Mr. Mann's special attention to that statement of the Philadelphia Press. This is the one you were asking about. Shall I repeat it?

The CHAIRMAN. Yes.

Mr. NORRIS (reads): General conversation with representative of the Berlin Mills Company paper would be much higher on our next contract; no price stated.

The CHAIRMAN. What do you mean by "No price stated?"

Mr. NORRIS. No price was stated by him. [Continues reading:]

Williamsport (Pa.) Gazette and Bulletin: Only by paper salesmen who have predicted advances for year and more.

Milwaukee (Wis.) Sentinel: A representative of John Edwards Manufacturing Company said paper would advance account of scarcity of pulp wood.

Los Angeles (Cal.) Record: The General Paper Company supplies this paper. We have been advised that the rate for 1908 will be advanced, but we have not consented to advance as intimidated.

Pomona (Cal.) Progress: Yes; Zellerbach & Co. and Blake, Moffitt & Towne, that "paper would go higher".

Louisville (Ky.) Herald: W. B. Moore and M. S. Flint, of Berlin Mills Company. A number of times on different dates.

Owensboro (Ky.) Inquirer: Yes; by all dealers. 50 per cent advance.

Mr. MILLER. What paper is that?

Mr. NORRIS. The Owensboro (Ky.) Inquirer. The next is the Cincinnati (Ohio) Post.

The CHAIRMAN. Fifty per cent advance?

Mr. NORRIS. That is what he said.

The CHAIRMAN. You can not explain that?

Mr. NORRIS. I can not explain that. I am simply giving you what he gives in this answer.

The CHAIRMAN. Do you suppose we can get the gentleman, so that he can explain it?

Mr. NORRIS. I suppose so. You have a process by which you can bring him. [Continues reading:]

Cincinnati (Ohio) Post: Yes; mill agents generally talk higher prices and prophecy permanency of same, at 15 per cent to 20 per cent above the price we are now paying.

Toledo (Ohio) News-Bee: Yes; all traveling agents talk increased price of paper, and say that the higher price has come to stay. They invariably talk prices for 1907 15 and 20 per cent higher than we are paying on our contract for this year.

Fort Worth (Tex.) Telegram: Have been warned by Graham Paper Company for long time that paper was sure to advance.

Montgomery (Ala.) Advertiser: Yes; my contract now is with New York and Pennsylvania Company, New York, whose president, Mr. Payne, told me in September I would probably have to pay about one-half cent advance for next year.

Honolulu (Hawaii) Star: During 1906 we paid \$3.20 per 100 pounds, during 1907 we have paid \$3.25 per 100 pounds.

That is pretty far off. I am not alleging any combination there.

The CHAIRMAN. But the date is not much further off than Honolulu. I thought you meant the date.

Mr. NORRIS [continues reading]:

During 1906 we paid \$3.20 per 100 pounds; during 1907 we have paid \$3.25 per 100 pounds.

Centralia (Ill.) Evening Journal: Yes; Butler people.

Danville (Ill.) Daily Press: Yes, Butler people predict raise to \$3 by January 1, 1908.

Peoria (Ill.) Journal: My present contract for \$1.97½ does not expire until January 13, 1908.

Springfield (Ill.) State Register: On August 27 I sent out a letter to several paper-making companies and dealers, informing them that my present contract would be

out the 1st of January and telling them that I was ready to make up a contract covering the year 1908, and accompanied my letter with what we would like in our business, which amounts to about 600 tons per year. In answer to that I received letters as follows: The International Paper Company, Chicago, Ill., said they could not take care of us, as they were full of orders, but might be able to figure with us along about November. Did not give us any price. Manufacturers' Paper Company, The Rookery, Chicago (this is the combination operated by Mr. Brocklebank, A. Pagenstacher, president), said they did not care to quote on a contract commencing January 1, 1908, but would be pleased to make a quotation on a contract commencing September 1 or October 1. As we already had a contract covering that time, they did not make us any offer. J. A. Kurtz, manufacturer's agent, Indianapolis, Ind.—Mr. Kurtz, I think, is a salesman for the Berlin Paper Company Mills of New Hampshire—acknowledged receipt; of the letter and said he would take it up with the mill at once and let us know in regard to the matter as soon as possible. Have never heard from him since. Consolidated Water Power and Paper Company, of Grand Rapids, Wis.—These people run a very good mill and furnished us with our supplies on our last year's contract, which ended a year ago—wrote that our contract, commencing January 1, 1908, was most too far in the future. However, they might consider taking it up in the course of two or three weeks. Have never heard from them since. Norwood Paper Company, Watertown, N. Y., wrote that the present situation in regard to water power and pulp was so critical that they were not making prices for shipment in the year 1908. Would be pleased to take up the matter at a later date. Have never heard from them since. Finch, Pruyn & Co., Glens Falls, N. Y., said their Mr. Newcomb was out of town and would take the matter up as soon as he returned to the mill about the last of the week. Have never heard from them since. H. G. Craig & Co., 261 Broadway, New York, wrote that they expected to be in our vicinity in three or four weeks from August 1; would see me in Springfield. I have heard nothing from them since. J. W. Butler Paper Company, Chicago, Ill., wrote that they could not make us a proposition at this time, but wanted us to write to them again before we closed the matter. F. W. Felch & Co., 127 Duane street, New York, made us an offer on Canada paper, \$1.95 at mill—a very fair offer. Freight and duty brought the price up to \$2.50 f. o. b. Springfield. The Whitaker Paper Company, 221 Fourth street, Cincinnati, Ohio, who last year sold the Berlin Mills Paper Company, wrote that they had a new mill which would give us prices soon. Have not received any offer from them. The Graham Paper Company, of St. Louis, Mo., made us an offer which was \$2.47½ f. o. b. Springfield. I do not know where the paper was to be made. The offer was made subject to our immediate acceptance, and I presume is withdrawn by this time. Mr. Addison Weeks, of St. Louis, formerly a salesman for the Norwood Company, made us an offer as late as September 17, 1907, \$2.65 f. o. b. Springfield. He said the paper was to come from a mill in Denver, Colo.

Trenton (N. J.) Evening Times: The Pettibone Paper Company supplied us from October, 1903, to November, 1904; Manufacturers Paper Company from November, 1904, to April, 1906; Pettibone Paper Company, April, 1906, to June, 1907, and it was from these two mills only that we were able to get any quotations whatever.

Those are the same figures that were referred to before. [Continues reading:]

I called upon the International New York office, as well as the Philadelphia office, Great Northern New York office, Berlin Mills, St. Regis Paper Company, New York and Pennsylvania Company, and W. H. Parsons Company, and the intimation held out by all of these concerns was that they could not supply, and the intimation was broadly given we should look to the mill that had supplied us during the last year.

Crowell Publishing Company, New York City: We have been buying for the past two years from the International Paper Company, which expires January 1. About three weeks ago I had lunch with Mr. Wright, of the International Paper Company, at my suggestion, and asked him whether he wanted our business for the coming year, and would make an estimate. He informed me that he was very sorry, but that the International Paper Company would be unable to take care of our wants, etc. This is the first intimation that I had on the subject. In response to my inquiry, he suggested that I get in touch with Mr. Davis, of H. G. Craig & Co., who were good people, and would probably be glad (or able) to give us figures.

Out of at least twelve inquiries that I sent out covering mills as far west as Wisconsin, only one other mill, at Cheboygan, Mich. (except H. G. Craig & Co.), would even give me any figures. Craig's figures were \$2.50, as above stated, and Cheboygan Mills \$2.55. Some of my requests for prices were totally ignored, and others evaded.

Columbus (Ohio) Despatch: 1906-7, 2 cents asked; 1908, 2.5 cents.

Harrisburg (Pa.) Patriot: We took up the question of the new year's supply in August, 1907, and were requested to wait until the return of Mr. Dillon for the coming year's price. By so doing, we lost an opportunity to buy for \$2.40 from Felch.

Mr. SIMS. Who is Mr. Dillon?

Mr. NORRIS. Mr. Dillon is the vice-president and manager of sales of the Great Northern Paper Company, a concern selling and manufacturing from 400 to 450 tons per day.

Mr. SIMS. Has he any connection with Craig?

Mr. NORRIS. None that we know of.

Mr. SIMS. I did not know whether that was the mill that furnished 750 tons.

Mr. NORRIS. No. I will give you all the mills and all the selling agents. I have those figures here. [Continues reading]:

Knoxville (Tenn.) Sentinel: We were paying \$2.15 in 1906, reduced from \$2.43.

Houston (Tex.) Chronicle: We buy bulk of paper through Graham Paper Company, St. Louis. They advised us recently price on new contract would be \$2.50 per hundred weight, New York mill.

The CHAIRMAN. We will have that statement go in in full.

Mr. NORRIS. Now, in answer to question (c), "Have any agents or mills withdrawn quotations previously made to you, or have they neglected or refused within that period to quote prices to you, or have they changed previous offers? If so, when? (Give names and particulars.)"

The CHAIRMAN. Has that statement a heading on it?

Mr. NORRIS. Yes. They all have headings.

The CHAIRMAN. Read that over again, please.

Mr. NORRIS (reads): "Have any agents or mills withdrawn quotations previously made to you, or have they neglected or refused within that period to quote prices to you, or have they changed previous offers? If so, when? (Give names and particulars.)"

The CHAIRMAN. Within what period is this?

Mr. NORRIS. Two years.

[Mr. Norris proceeds to read throughout the following document:]

(c) Have any agents or mills withdrawn quotations previously made to you, or have they neglected or refused within that period to quote prices to you, or have they changed previous offers? If so, when? (Give names and particulars.)

ANSWERS TO QUESTION C 1.

Denver (Col.) News-Times Publishing Company: Kimberly-Clark Company, holding contract previous to above date, declined to make offer.

Ansonia (Conn.) Evening Sentinel: One (Finch, Pruyn & Co.) wrote their product was entirely sold.

Hartford (Conn.) Courant: The quotation of an advance of \$12 a ton made us by Great Northern Paper Company last month was withdrawn about ten days ago.

Hartford (Conn.) Globe: Pejepscot Paper Company withdrew \$2.57 offer this past week, October 11.

Boise (Idaho) Evening Capital News: Yes. Carpenter Paper Company.

Chicago (Ill.) Daily Journal: No agent, broker, or representative of any paper mill in the United States has called on us since June 1 to quote us any prices or asked us for our business. It has seemed to us that there is an understanding that we are the Cheboygan's customer and will have to stick to that mill. We have tried to get quotations from the Manufacturers' Paper Company, the Consolidated Paper Company, of Port Edwards, Wis., The Port Edward Company (of Port Edwards), W. C. Boyce Mill, at Marseilles, Ill. The prices quoted in every instance have been more than we were paying Cheboygan, the prices ranging from \$2.40 to \$2.60. We have asked no quotations since August 1 and have had no calls from any mill representatives. Saturday, October 12, Mr. Seaman, of Birmingham & Seaman (local jobbers), called on us and offered 400 tons, which must be delivered before December 1, at \$2.45 delivered, less 3 per cent for cash.

Mr. Sims. Let me ask the gentleman a question in that connection. Do you understand from that statement there that they leave the impression that the other companies referred to, except the Cheboygan, were refusing to quote because they knew the Cheboygan had made a quotation?

Mr. NORRIS. We distinctly allege that these people had an understanding, and we will give you statements of where they have been told that they were the customer of one mill, and that no other mill would bid for that. We have already stated that in a case attributed to Col. A. G. Payne, of the New York and Pennsylvania Company, by Mr. Haynes, of the Paterson (N. J.) News.

Mr. Sims. This publisher seems to be possessed of that idea also.

Mr. NORRIS. Yes. [Continues reading:]

Chicago (Ill.) Tribune: A year ago this fall, when at the suggestion of the International Paper Company I sought to buy half my tonnage from other manufacturers, I was offered some encouragement at first; subsequently was quoted a price identical with that named by the International.

Danville (Ill.) Commercial News: Had hard work to get quotations.

Peoria (Ill.) Herald Transcript: Some have. Manufacturers' Paper Company.

Rockford (Ill.) Register Gazette: Graham Paper Company, St. Louis, Mo.

Rockford (Ill.) Republic: January last G. W. Mead solicited an order from us. In June he was finally induced, after repeated letters, to wire us: "Must decline to name a price." Above referred to George W. Mead & Co., Grand Rapids, Wis.

Streator (Ill.) Free Press: Several withdrew quotations.

Elkhart, Ind.: Yes; Brodner, Smith & Co., Chicago, advanced price forty-two one-hundredths about July 1.

Evansville (Ind.) Journal News: All of them quote the same price. No question about strong combination.

Marion (Ind.) Leader, Indianapolis (Ind.) Hoosier, Crawfordsville (Ind.) Review, Asheville (N. C.) Citizen: No refusal or withdrawal, but nobody offers to quote except on filing of specifications and positive statement of readiness to contract.

Peru (Ind.) Journal: No; except quotations are subject to constant change.

Burlington, Iowa: Yes; Graham Paper Company, Butler Paper Company, St. Louis, Mo., and Chicago, Ill., respectively; several times during July and August.

Clinton (Iowa) Herald: J. W. Butler Paper Company withdrew quotations during July; later quoted advanced price.

Mr. Sims. Do the letters withdrawing quotations agree with that; do they give any reason why they would withdraw quotations?

Mr. NORRIS. I do not know; all I know is what these papers wrote to us.

Mr. Sims. What I want to find out is whether it is an arbitrary withdrawal, without giving a reason, or did they all give reasons; and were the reasons all tending in the same direction, or did they give different reasons?

Mr. NORRIS. I have not seen the letters which went to these papers. I have seen letters—and it will appear in the answer later—containing the various reasons which were given by the paper makers to these gentlemen. One of our questions was, "Have any reasons been given for the advances?" and it will appear under that heading. [Continues reading:]

Davenport (Iowa) The Times: Yes.

Waterloo (Iowa) Courier: All other offers from jobbers were higher.

Muskegon (Ind. T.) Daily Phoenix: Yes; National Paper Company, of St. Louis, raised price from \$2.76 to \$2.91 after shipping order was placed. Beacon Paper Company withdrew quotation in June last.

Chanute (Kans.) Sun: I herewith attach some recent correspondence brought up because Kansas City refused to quote lower than \$3.07½.

Fort Scott (Kans.) Tribune Monitor: Kansas City paper house refused to quote on contract and advised my buying here if I could get right price; always eager for my business before.

Wichita (Kans.) Daily Beacon: Yes. The Butler Paper Company withdrew to-day rates made five days ago.

Bath (Me.) Daily Times: We can not get outside quotations. Other dealers simply refuse.

Baltimore (Md.) American: On July 23, 1907, letter was sent from the American to vice-president of the Great Northern Paper Company asking if his company would be in position to supply the American with paper for its requirements for 1908. Under date of August 2 a reply was received stating that the Great Northern Paper Company had sufficient tonnage to supply the American, but that they declined to do so.

Boston (Mass.) Daily Advertiser and Evening Record: In December, 1906, or January or February, 1907, the Pejepscott Paper Company wanted our order. In February, 1907, after writing New York, the treasurer advised us through his Boston agent that he would not be able to furnish our supply of paper until July, and then it would be doubtful. A week or so later they asked for our order, and would make a contract if we would give it to them. We had then told the International Paper Company that we would give them our order in the meantime. But above companies both quoted to us the same advanced price in January and February, 1907.

Lawrence (Mass.) Telegram: We have been unable to get quotations in a majority of cases, the agents claiming that their mills had all the business they could attend to.

Pittsfield (Mass.) Eagle: None but the New York and Pennsylvania Company would quote except the St. George people.

Adrian (Mich.) Daily Telegram: Beecher, Peck & Lewis, Detroit, selling agents for Cheboygan, Mich., Paper Company, quoted price on three dailies, Jackson Patriot, Adrian Telegram, and Owosso Argus, but withdrew quotations and raised rates 10 cents per 100 pounds.

Kalamazoo (Mich.) Evening Telegraph: Two weeks ago International Paper Company refused to quote prices.

Menominee (Mich.) Herald-Leader: Bradner, Smith, Standard Paper Company, Milwaukee; Butler Paper Company, Chicago, made increasing quotations within ninety days from \$2.45 to \$2.63.

Duluth (Minn.) Evening Herald: After I had been informed by the Cloquet Paper Company, of Cloquet, Minn., which is only 26 miles from our office, and in consequence we have a very low freight rate, I went to Minneapolis, accompanied by Mr. Bunnell, manager of the News-Tribune, of this city, and we saw the owner of another paper mill, and he practically informed us that he had all the orders he cared for, but finally, after quoting us a price, we found that it was no better than we could do with the Cloquet mill. We thereupon went to Chicago and saw the representative of the Cheboygan Paper Mill, of Michigan, at Chicago—Mr. Moody, who acts as selling agent—and asked him for a quotation on print paper. One reason I went to this mill was that I had a few years ago bought a number of carloads of paper from them, and they are at the present time supplying the Dispatch at St. Paul. The only difficulty that occurred to me was that the freight rate from the Cheboygan mill to Duluth was 15 cents per hundredweight, as against 5 cents from the Cloquet mill, where we were and are now getting our paper. Mr. Moody informed us that print paper was very scarce and going up, but he would take the matter up with the mill and let us know what he could do. This mill is right on the Lakes, and I was under the impression that I might get in consequence a very cheap freight rate from Cheboygan, Mich., to Duluth, and upon return I at once took the matter up with the general freight agent of a boat line, and he in turn said he would take it up with Mr. Moody in Chicago, which was also where the general agent of this boat line had his office. In a few days thereafter the Cheboygan mill withdrew their price that they had made me a few days before, and which was a few cents per hundred better than I could do at the Cloquet mill, provided I could secure what I deemed the proper boat freight rate. On September 10, however, I received a letter from Mr. Moody, saying that "since writing and owing to the serious conditions existing in New York and Maine regarding water, as well as the great shortage of pulp in Wisconsin, he was obliged to advance his price, and asked to consider his quotation of September third void." At the same time while in Chicago I also called on the Manufacturers' Paper Company. They also quoted me a price of \$2.35 f. o. b. their mill at Merrill, Wis., less 3 per cent thirty days, on an excellent sheet of No. 2 news print, but as the freight rate from Merrill to Duluth was 17½ cents per hundredweight, this would be more than I would have to pay the Cloquet mill. This was getting about the time that the meeting in New York was to be held, and I thought I would do nothing until I had attended same. After the meeting I came back and closed a year's contract with the Cloquet mill at the price mentioned heretofore.

Duluth (Minn.) News-Tribune: Mr. A. C. Weiss, of the Herald, and I have jointly endeavored to get quotations from other mills without success. Mr. Weiss has data covering this point.

St. Paul (Minn.) Dispatch: January 25, 1907, ordered two cars green paper, Manufacturers' Paper Company, Chicago, \$2.45, 3 per cent off. One car delivered. Unable to secure second car or replies to our letters.

Joplin (Mo.) News-Herald: No; except when 1906 contract was made we could get no one to bid against Graham.

Billings (Mont.) Daily Gazette: Leslie Paper Company, Minneapolis, refused quotations.

Omaha (Nebr.) World-Herald: Manufacturers' Paper Company, Chicago, solicited business in September, but on prompt request for rates declined to quote.

Keene (N. H.) Sentinel: Yes. In January last; Manufacturers' Paper Company.

Nashua (N. H.) Telegraph: All prices quoted unless accepted at once have been subject to change as usual.

Newark (N. J.) Evening News: International Paper Company has refused to quote us any price.

Newark (N. J.) Sunday Call: Berlin Mills Company offered to renew for 1908 at 30 cents increase, and when taken under consideration withdrew price and raised it to 40 cents.

Newark (N. J.) Star: No; offer was made at \$2.25, boosted to \$2.35 in one week.

Elmira (N. Y.) Star-Gazette: International refused to quote. (From letter:)
 " * * * We are inclosing you considerable correspondence, and regret very much that we did not save letters from the International Paper Company and the New York and Pennsylvania Company declining to quote us, claiming that their entire product was sold up. You will notice from the quotations given us that the prices are very similar. We finally closed with the Oswego Falls Pulp and Paper Company at \$2.55, less \$3 delivered in Elmira. We wish particularly to direct your attention to the fact that immediately after making a contract with the Oswego Falls Pulp and Paper Company they closed down their mill and supplied us from Malone, N. Y., and Niagara Falls. The Malone paper was, without exception, the worst we ever saw, and finally we wrote them that we positively would not accept any more paper from that mill. We are inclosing you herewith a reply to that letter dated October 8."

Mr. STAFFORD. Is the New York and Pennsylvania Paper Company independent of the International?

Mr. NORRIS. The New York and Pennsylvania Company is selling agent for news paper; its principal interest is in the manufacture of book paper, with mills in Pennsylvania. I have the accurate figures of what it sells. It represents the Dalton Paper Mills and a few other paper mills, as the selling agency. [Continues reading:]

Jamestown (N. Y.) Morning Post: In July, 1907, five of seven firms we wrote to asking quotations on 140-ton contract declined to quote on ground that their mills were oversold. Firms were: Oswego Falls Pulp and Paper Company, Fulton, N. Y.; Berlin Mills Company, Berlin, N. H.; New York and Pennsylvania Company, New York City; Finch, Pruyn & Co., Glens Falls, N. Y.

Newburgh (N. Y.) Daily News: Inclose herewith numerous replies received to requests for quotations on 100 tons.

Olean (N. Y.) Evening Herald: Several mills refused to quote prices; only ones to quote us were Oswego Falls and Finch, Pruyn & Co.

New York City (N. Y.) Journal of Commerce: International Paper Company, Manufacturers' Paper Company, and Craig, as well as Finch, Pruyn & Co. and Berlin Mills, were asked to quote, but couldn't. See letters herewith.

New York City (N. Y.) Morning Telegraph: New York and Pennsylvania, International, and others have tentatively quoted \$2.50 and \$2.60 (New York and Pennsylvania).

Rochester (N. Y.) Evening Times: Finch, Pruyn & Co., Glens Falls, replied to our letter that 1908 capacity was sold.

Syracuse (N. Y.) Journal: A number of mills and agents refused to quote us. In fact, all but the mill we do business with, except one Canadian mill.

Syracuse (N. Y.) Post-Standard: Finch, Pruyn & Co., of Glens Falls, and the Oswego Falls Pulp and Paper Company, of Fulton, N. Y., proposed informally to bid for our 1908 contract and asked that they might be permitted to do so. When finally figures were required of them, they declined to bid, on the pretext that no new business could be taken on. The International Company also declined to give us quotations,

on the ground that they had oversold their mill capacity this year to the extent of 18,000 tons, and to that extent must cancel contracts with regular customers for next year.

Mr. SIMS. Let me ask you a question before you go on. They said they had sold their capacity and 18,000 tons over, and would have to cancel. Therefore, without increase of plant or manufacturing facilities, they can not furnish the existing trade; is that true?

Mr. NORRIS. That is the statement; that is the purport of the statement as I understand it there.

Mr. SIMS. Do you know whether or not they are putting up new mills or increasing their facilities to meet the growing demand?

Mr. NORRIS. No. I have a very elaborate argument on that phase of it, which I will take up under the heading of the tariff.

Mr. SIMS. Well, as you know, I can not possibly know what is coming, and therefore I am asking these questions.

Mr. NORRIS. The statement I made in opening was that the International Paper Company is making less news-print paper per day to-day for the domestic market than it made in the year of its organization. That is, its rated capacity is less than it was at that time.

I want to supplement that with a little more information. The International Paper Company started out when it was organized, in January, 1898, with 98 paper machines. It dismantled some of its mills. It improved some of its machines—that is, increased their efficiency, improved their running capacity—but it had not added a single machine until July, 1907, at Hudson River one machine, and a second machine October, 1907, at Hudson River. Two other paper machines were dismantled at that time, and I do not know yet whether they have been restored or not. I am not clear on that point, although I have visited the mills and ought to know.

Mr. MILLER. Well, you are going into that later.

Mr. NORRIS. Yes; I am going into that later.

Mr. MILLER. I have a good many questions that I want to ask you about it after you get through with your statement.

Mr. NORRIS (continues reading):

Syracuse (N. Y.) Herald: No quotations previous to New York meeting of the A. N. P. A. Since then twenty-four hour quotations as low as \$2.50 for immediate delivery.

Charlotte (N. C.) Observer Company: See correspondence with Berlin Mills Company.

Wilmington (N. C.) Morning Star: All quotations given "subject to change without previous notice."

East Liverpool (Ohio) Evening Review: Butler Paper Company, Chicago, declined to give quotation.

Ohio—Coshocton Age, Alliance Review, Newark Advocate, Piqua Call, Marion Star, Mansfield News, Lorain Times-Herald, Lancaster Gazette, Zanesville Times-Recorder, Cambridge Times, Kenton News-Republican, Sandusky Register, Athens Messenger, Bowling Green Sentinel-Tribune, Portsmouth Times, Mount Vernon Republican News, Painesville Telegraph, Massillon Gleaner, Elyria Telegram, Findlay Republican-Jeffersonian, Warren Chronicle, Hamilton Republican-News, Wooster Republican, Urbana Tribune: No quotations withdrawn, but requests for quotations have not elicited responses. Note Exhibit A.

Lima (Ohio) Republican Gazette: Several jobbers said had trouble supplying old customers. Didn't keep letters.

Marietta (Ohio) Journal: No. Our only trouble has been to get delivery of cars already contracted for. Local shipments were supplied from the warehouse of the Central Ohio Paper Company, Columbus, in the interim.

Sandusky (Ohio) Register: Yes; since October 1, 1907.

Youngstown (Ohio) Telegram: International Paper refused to bid on ground that they had no paper to sell.

Guthrie (Okla.) Leader: Yes; 2d July, 1907. 3d August, 1907. One in May.

Allentown (Pa.) Morning Call: No; we had not asked quotations of others, after listening to the story of the agent of our own house we said we had as well sign up quick.

Allentown (Pa.) Item: No mill has yet withdrawn rates. Last year Antietam would not give rate, saying they had sold their output.

Johnstown (Pa.) Tribune: J. M. Place & Co. advise that their quotation of \$2.60, with commission of \$1 per ton, would be withdrawn October 14. Letter dated October 12.

Johnstown (Pa.) Democrat: Berlin Mills refused to quote prices for future delivery. This was in latter part of September.

McKeesport (Pa.) Daily News: Manufacturers Paper Company, F. W. Felch, New York.

Pottsville (Pa.) Daily Republican: Previous to the September meeting in New York we could not secure a quotation either from our old mill or from any of the other ones excepting from two jobbers. We were told by Finch, Pruyn & Co., by Parsons Bros., by J. W. Place, by Oswego Falls, that they might quote us prices later on. Our communications were ignored by the International, by the Berlin, by the Great Northern, by the New York and Pennsylvania, and other concerns, although some of them a year or so ago had been importuning us by personal visitation, by letters and telegrams, for the privilege of quoting us on our supply.

Reading (Pa.) Eagle: No. We are dealing with above party exclusively, but agents were quoting higher prices than we paid for about a year before we were advanced on our contract.

Wilkes-Barre (Pa.) Leader: Yes. Finch, Pruyn & Co., Glens Falls, N. Y., withdrew quotations and substituted higher ones about October 1.

Williamsport (Pa.) News: Finch, Pruyn & Co., Glens Falls, N. Y., refused, in November, 1906, to fulfill bid of \$2 per 100 accepted in good faith within time specified.

Providence (R. I.) News Democrat: Yes.

Columbia, S. C., The State: Several jobbers and agents have asked leave to quote and have asked when contracts would expire, and after information was given have let the matter drop, but no quotations have been withdrawn.

Chattanooga (Tenn.) News: International Paper Company refused; reason, over-sold. W. H. Parsons & Co. refused; reason, oversold and previous grievance.

Abilene (Tex.) Reporter: All.

Wheeling (W. Va.) Register: Information was asked re quotations for 1908 and for two or three weeks quotations were refused. Finally, about ten days ago, were quoted \$2.05 and quotation since withdrawn. All other mill agents making quotations have withdrawn them.

Wheeling (W. Va.) News: International have served us for three years. Refuse to quote on 1908 business.

Salt Lake (Utah) Tribune: Kimberly & Clark quoted us \$2.40 at mill in September, this year, and withdrew price by wire.

Los Angeles (Cal.) Evening News: Yes; in June, 1907, H. G. Craig & Co., of New York City, after requesting opportunity to quote prices, declined to give price. International Paper Company, when asked to give quotation, declined to do so under date of June 3, 1907.

Redlands (Cal.) Review: Will not give prices for more than twenty-four hours. Los Angeles jobbers say their prices are subject to cancellation by wire (Blake Moffitt & Towne for International Paper Company) (Zillerback & Co., who buy in the open market).

Riverside (Cal.) Enterprise: Neither agents nor mills solicit business in this field. Contracts for future deliveries have been declined and Blake Moffitt & Towne is just at this time refusing to change specifications on a car and forcing us to take paper which we can't use.

Tulsa (Ind. T.) Daily World: Yes; but have forgotten dates. Beacon Paper Company, St. Louis, Mo.

Waterville (Me.) Sentinel: Several mills wrote us in May that they were sold up and could not quote prices.

North Adams (Mass.) Transcript: About a week after making us a quotation of \$2.50, the Cliff Paper Company withdrew this quotation and intimated that they would not contract for a year's supply at any price.

Taunton (Mass.) Gazette: Refused quotation by International agent from about September 1.

Winona (Minn.) Republican-Herald: Graham Paper Company of St. Louis gave us four hours to accept a quotation of \$2.43, but we declined to bite

St. Joseph (Mo.) Gazette: J. W. Butler Paper Company, Chicago, quoted equal to \$2.20 mill for No. 2, but hastily withdrew and declined later to quote again
Charlotte (N. C.) News: Yes; several times.

Trenton (N. J.) Sunday Advertiser: International Paper Company refused quotations.

San Antonio (Tex.) Light: Bradner, Smith & Co. quoted May 14, 1907, withdrew quotation June 1. Unable to get other reasonable quotation except from Graham Paper Company.

Tucson (Ariz.) Daily Star: Graham Paper Company, Kansas City Paper Company, Carter Rice & Co.

Grand Junction (Colo.) Daily News: Representative of Graham Paper Company unable to quote prices on demand.

Rockford (Ill.) Morning Star: Yes.

Minneapolis (Minn.) Journal: Our present contract is with Northwest Paper Company, and they absolutely refused to quote us any figures during the summer.

Kansas City (Mo.) Journal: The Manufacturers Paper Company, of New York, wrote as though they want to bid on our 1908 supply, but a letter of October 1 states they are unable to quote on tonnage for 1908.

Newark (Ohio) American Tribune: Pettebone Cataract Paper Company, of Niagara Falls, quoted in June and withdrew same in August.

Oklahoma City (Okla.) Oklahoman: The Butler-Jarboe Paper Company refused to quote us prices, although we got our supply through them in 1905. They intimated that they were not now allowed to compete for our contract.

Oil City (Pa.) Derrick: All quotations have been made for immediate acceptance subject to withdrawal without notice.

Stockton (Cal.) Daily Record: Of late the agents have either not quoted for future contracts, or if they have, have done so contingent on immediate acceptance by return mail. A dozen big Eastern paper agents have done the same thing.

Springfield (Ill.) News: J. W. Butler Paper Company made several quotations, as did the Graham Company, and then they were withdrawn entirely. It appeared that the field was then left to the Graham Company, from whom we bought.

North Adams (Mass.) Herald: Schroom River Paper and Pulp Company, of Warrensburg, N. Y., notified us during September that they would make us news during the present year. We wrote three or four other concerns. Two, United Box Board and Paper Company, and Great Northern Paper Company, returned word that their supplies were taken up.

Kalamazoo (Mich.) Gazette: J. W. Butler & Co. quoted price by mail October 14; withdrew it October 19.

Lynchburg (Va.) News and Advance: International Paper Company made quotation and then withdrew it. After some delay we closed contract, paying 15 cents per 100 increase over previous quotation.

Joliet (Ill.) Daily News: Received quotation from Butler Paper Company in May, which was withdrawn June 1. Price quoted, \$2.50.

Trenton (N. J.) Evening Times: International Berlin, Great Northern, New York and Pennsylvania, W. H. Parsons Co., James T. Mix, all refused; Pettebone and Manufacturers Paper quoted.

Macon (Ga.) News: Declined quotation during summer, 1907.

Decatur (Ill.) Herald: J. W. Butler Paper Company, International Paper Company, Graham Paper Company.

Owensboro (Ky.) Messenger: Yes.

Cincinnati (Ohio) Commercial Tribune: Yes; Felch quoted \$48 per ton in September; now quote \$50. H. C. Craig & Co. quoted \$49 per ton in September; now quote \$50.

Williamsport (Pa.) Gazette and Bulletin: International couldn't bid when we made last contract. Great Northern quoted \$2.17, but we were late in accepting and had to pay \$2.35.

Louisville (Ky.) Herald: Mr. H. B. Fullerton, of Manufacturers Paper Company, New York, April. Wright, International Paper Company, April.

Fort Worth (Tex.) Telegram: Graham Paper Company practically the only quotations made. Manufacturers Paper Company always claim they are oversold.

Burlington (Vt.) Free Press: H. A. Sawyer & Co., Rutland, Vt., quoted \$2.55 and had to withdraw, saying, "Mill reports paper output all sold." But Sawyer states that this is untrue.

The CHAIRMAN. Who is Sawyer?

Mr. NORRIS. Sawyer was the local agent, apparently, in Rutland, Vt., of a mill which had written that it was oversold, and Sawyer

said the report was untrue—that is, the agent of the mill (continues reading):

Centralia (Ill.) Evening Sentinel: Yes.

Danville (Ill.) Daily Press: Yes; International Paper Company refuse to make quotations.

Knoxville (Tenn.) Sentinel: We tried to secure price from the International, Great Northern, and others, but they were inclined to quote only prohibitive prices. Manufacturers' Paper Company quoted \$2.65.

Houston (Tex.) Chronicle: Tried to get quotations from Manufacturers' Paper Company, but they were unable to give definite answer.

(d) Have the quotations received by you indicated unity of action by selling agents or uniformity of price?

ANSWERS TO QUESTION D 1.

Montgomery (Ala.) Advertiser: I have had two quotations from other concerns on short lots at an advance of over one-half cent. One was from Chatfield, Woods & Co., Cincinnati, at \$2.88 delivered; another from Craig & Co., 26 Broadway, New York, asking a bid on short lots.

Hot Springs (Ark.) Sentinel Record: Yes.

Denver (Colo.) News Times: Yes.

Ansonia (Conn.) Evening Sentinel: Received no figures except from New York and Pennsylvania Company.

Hartford (Conn.) Courant: Apparently. Quotations have been promised by several manufacturers, but never received.

Hartford (Conn.) Globe: Yes.

Savannah (Ga.) Press: Can't say, but indications point that way.

Boise (Idaho) Statesman: Quotations were practically uniform.

Boise (Idaho) Evening Capital News: Yes.

Aurora (Ill.) Daily News: Yes.

Danville (Ill.) Commercial News: Yes.

Elgin (Ill.) Courier: Yes.

Joliet (Ill.) Herald: Not to us. We had several varying quotations. Later this seems to have been the case. The Illinois Daily Press Association, to which we belong, could not get competitive prices.

Rockford (Ill.) Republic: Experience of Illinois Daily Press Association clearly indicated a division of the field and combination to defeat the association in getting bids as an association.

Goshen (Ind.) News: Yes.

Huntington (Ind.) Herald: Yes; all traveling men in the territory seem to have the same price.

Marion (Ind.) News Tribune: All quotations have been for immediate acceptance.

Marion (Ind.) Leader, Indianapolis Hoosier, Crawfordsville Review, and Asheville (N. C.) Citizen: No information.

Portland (Ind.) Commercial-Review: All agents giving us same prices.

Burlington (Iowa) Hawkeye: Yes.

Creston (Iowa) Advertiser Gazette: Uniformity of price.

Davenport (Iowa) Times: Decidedly so. Everywhere I went in quest of figures I met with the same information and it surprised me how well they all had their lesson learned as to the causes for the advance.

Fort Dodge (Iowa) Chronicle: Yes.

Waterloo (Iowa) Courier: Yes.

Muskogee (Ind. T.) Daily Phoenix: Yes; the four houses with whom we do business have invariably advanced their prices at the same time.

Chanute (Kans.) Sun: Yes.

Fort Scott (Kans.) Tribune-Monitor: Always. Paper sellers invariably speak of "the combination" having been so solidly organized as to control the market arbitrarily.

Hutchinson (Kans.) News: Yes.

Newton (Kans.) Kansas Republican: Yes; with exception of Butler Paper Company, selling agents of some eastern mill.

Leavenworth (Kans.) Post: Indicate uniform raise and similarity in price.

Ottawa (Kans.) Daily Republic: They have, decidedly.

Parsons (Kans.) Sun: Yes.

Pittsburg (Kans.) Headlight: Yes.

Salina (Kans.) Journal: Yes.

Wichita (Kans.) Daily Beacon: Have indicated the usual uniformity of price.
 Winfield (Kans.) Courier: Yes.
 Louisville (Ky.) Evening Post: Absolute identity in contract; difference only in price.
 Louisville (Ky.) Courier-Journal: Indicated uniformity in price.
 Paducah (Ky.) News-Democrat: They have every evidence of this action.
 Bath (Me.) Daily Times: Yes.
 Portland (Me.) Argus: Yes.
 Baltimore (Md.) American: Very much so.
 Boston (Mass.) Daily Advertiser and Evening Record: Two companies quoted to us the same advanced price in January and February, 1907.
 Haverhill (Mass.) Evening Gazette: Yes; but my quotation from the firm I am doing business with was \$2 per ton lower than I could get it elsewhere.
 Pittsfield (Mass.) Eagle: Yes.
 Adrain (Mich.) Daily Telegram: It would seem so.
 Kalamazoo (Mich.) Evening Telegraph: Have all been \$2.50 and \$2.60.
 Lansing (Mich.) State Republican: Yes.
 Menominee (Mich.) Herald-Leader: Yes; in every case the same to a fraction.
 Duluth (Minn.) Evening Herald: There is no doubt whatever that the selling price agreed upon by all the mills in this section for large consumers is \$2.35 per hundred weight for print paper at the mill.
 Duluth (Minn.) News Tribune: Yes.
 St. Paul (Minn.) Dispatch: Most certainly.
 Winona (Minn.) Independent: Yes.
 Trenton (Mo.) Republican-Tribune: Yes.
 Billings (Mont.) Daily Gazette: No; some jobbers, apparently frightened quoted prices ridiculously high.
 Grand Island (Nebr.) Independent: Yes; for several years.
 Omaha (Nebr.) World-Herald: Several stated mill price on market was \$2.50 and all said it would go higher.
 Nashua (N. H.) Telegraph: No. Prices differed within past week 15 cents per 100 pounds.
 Camden (N. J.) Post Telegram: Looks very much that way.
 Newark (N. J.) Sunday Call: Yes.
 Paterson (N. J.) Guardian: Yes.
 Elmira (N. Y.) Star Gazette: Yes.
 Gloversville (N. Y.) Leader: Yes.
 Hudson (N. Y.) Register: Yes; decidedly so.
 Jamestown (N. Y.) Morning Post: The two quotations we received were both at \$2.45.
 Olean (N. Y.) Evening Herald: Yes.
 Olean (N. Y.) Morning Times: The International Paper Company would not make quotation.
 New York City (N. Y.) Journal of Commerce: All quotations (and only two received) were at \$2.47½ by the Great Northern Company and \$2.50 by the Parsons Company, the latter not in writing.
 New York City (N. Y.) Farm and Fireside: Inability to get quotations from all but one of some eight concerns from whom bids were asked. Indifference and broken engagements part of others.
 New York City (N. Y.) Morning Telegraph: Yes.
 Rochester (N. Y.) Herald: Yes.
 Syracuse (N. Y.) Journal: From uniformity of reply would conclude there is uniformity of action.
 Syracuse (N. Y.) Post Standard: Our quotations, had from six or eight different sources, all told, seem to us to indicate a mutual understanding among the sellers as to the price that shall be asked.
 Syracuse (N. Y.) Herald: While, of course, they have denied it, we have held to our belief there was an understanding as to uniformity of price.
 Utica (N. Y.) Saturday Globe: They have.
 Charlotte (N. C.) Observer Company: Inclosed correspondence, we think, indicates unity of action, though it is denied.
 Cleveland (Ohio) Press: Unsolicited quotations from agents and brokers show a tendency toward uniformity of price and action.
 Hamilton (Ohio) Daily Republican-News: Got prices a few weeks ago from two concerns in Cincinnati and one in Chicago. Prices practically the same.
 Lima (Ohio) Republican Gazette: Not all the same, but all higher.
 Marietta (Ohio) Journal: They have.

- Sandusky (Ohio) Register: Yes.
 Sandusky (Ohio) Star-Journal: Yes.
 Youngstown, Ohio, The Telegram: Not especially; all were uniformly higher and all were about the same figure.
 Guthrie, Okla., The Leader: Yes.
 Allentown, Pa., The Item: It seems unity of action.
 Easton (Pa.) Argus: Quite nearly.
 Johnstown (Pa.) Tribune: No quotations received except from Place & Co. and International Paper Company.
 Johnstown (Pa.) Democrat: And by at least two selling agents we have been informed that an actual combination exists.
 McKeesport (Pa.) Daily News: Yes.
 Pottsville (Pa.) Daily Republican: Every indication points to a united action on the part of the paper dealers and manufacturers, but we have nothing in writing to show this, excepting the wholesale dealers in jobbing supplies have informed us that such was the fact, and that they received their information from their effort to act as agents for the mills and in endeavoring to contract for their own supplies.
 Reading (Pa.) Times: Prices quoted to us by different manufacturers and selling agents showed remarkable uniformity.
 Reading (Pa.) Eagle. They were so near alike that buying from either party would not make any material difference under the varying conditions.
 Wilkes-Barre (Pa.) Leader: Yes; all of them.
 Wilkes-Barre (Pa.) Times: Yes; undoubtedly indicated unity of action.
 Williamsport (Pa.) News: Yes.
 Williamsport (Pa.) Sun: Yes.
 Providence (R. I.) News Democrat: Yes.
 Spartanburg (S. C.) Journal: No other paper house ever solicits our business. This talks like an understanding among them.
 Pierre (S. Dak.) Capital Journal: Surely, yes.
 Chattanooga (Tenn.) News: Yes; Graham Paper Company only agents quoting besides H. G. Craig Company, their quotation 1 cent higher.
 Abilene (Tex.) Reporter: Yes.
 Waco (Tex.) Times-Herald: Yes; somewhat.
 Danville (Va.) Evening Bees: Yes.
 Bristol (Virginia-Tennessee) Herald Courier: Every indication that all mills and agents working in harmony.
 Wheeling (W. Va.) Register: It looks very much that way. All agents and mills have raised the prices to near the same figure, and there seems to be concerted action on their part.
 Fairmount (W. Va.) Virginian: Yes.
 Parkersburg (W. Va.) State Journal: Yes; in general, the increase has been uniform with all quotations.
 Salt Lake (Utah) Tribune: No; except all have stated that an advance would follow.
 La Crosse (Wis.) Leader-Press: Yes.
 Madison (Wis.) State Journal: Butler Paper Company, Chicago Paper Company, gave some figures.
 Chico (Cal.) Record: Yes; a combination undoubtedly exists in San Francisco, among jobbers, at least.
 Redlands (Cal.) Review: Yes.
 Riverside (Cal.) Enterprise: We have no competition here. Prices quoted us are always alike and apparently no efforts are made by one house to get business from another.
 Wallace (Idaho) Press: Yes.
 Tulsa (Ind. T.) Daily World: Uniformity of price to say the least.
 Lake Charles (La.) American: Yes.
 North Adams (Mass.) Transcript: The quotations received by us have, with one exception (The St. George Pulp and Paper Company, of Norwalk, Conn., with whom we have closed at \$2.50), been approximately the same, \$2.60.
 Grand Rapids (Mich.) Evening Press: There has been such a decided increase in all prices asked that we are led to believe there has been unity of action.
 Winona (Minn.) Republican-Herald: Yes; they all have said that \$2.40 was the best price they could possibly make and that it would continue to advance.
 St. Joseph (Mo.) Gazette: The circumstance just mentioned was suspicious, to say the least. It looked as if orders had been received to keep hands off our business.
 Charlotte (N. C.) News: Yes.
 Grand Forks (N. Dak.) Evening Press: Yes.

Trenton (N. J.) Advertiser: Yes.

Albuquerque (N. Mex.) Citizen: Prices from all brokers were very close.

New York (N. Y.) Staats-Zeitung: Yes; all ask \$2½ with 2 per cent off for cash.

Findlay (Ohio) Daily Courier: It seems so.

Greenville (S. C.) Daily News: Unity of action on the part of selling agents.

Beloit (Wis.) Daily News: Yes.

Tucson (Ariz.) Daily Star: Yes; they are practically the same.

Bakersfield (Cal.) Californian: Certainly. They farm us out, each section to certain houses. There is no competition.

Stockton (Cal.) Daily Record: The prices have been so nearly alike as to indicate that the price of the mills was uniform to the agents. Some agents were willing to make less profits in order to get contracts—a very slight difference.

Rockford (Ill.) Morning Star: Yes.

Springfield (Ill.) News: Yes.

Evansville (Ind.) Courier: Decidedly, yes. Indications point to an agreement between the mills to get at least \$2.40 f. o. b. mill.

Princeton (Ind.) Clarion-News: Yes.

McAlester (Ind. T.) Daily Capital: Yes.

Kalamazoo (Mich.) Gazette: All about \$2.50. Chicago, \$2.70 Detroit.

Minneapolis (Minn.) Journal: The only quotation we had was from the Watab mill with which we made contract.

Kansas City (Mo.) Journal: Seems so to me. All quotations have been \$2.50 at mill less 3 per cent.

Sedalia (Mo.) Democrat-Sentinel: They certainly have.

Grand Forks (N. Dak.) Herald: Prices obtained from two or three selling agencies have been almost exactly the same.

Newark (Ohio) American-Tribune: Yes.

Oklahoma City (Okla.) Oklahoman: They did, until we obtained a quotation from an independent mill last January. When they thought we were about to place our order with an independent mill at Alexandria, Ind., the Graham Paper Company reduced their quotations about 13 cents per hundredweight.

Salem (Oreg.) Capital-Journal: Yes, sir.

Lynchburg (Va.) News and Advance: Yes.

Seattle (Wash.) Post-Intelligencer: Yes; when asking quotations we usually receive same figures from each agent.

Aberdeen (S. Dak.) American: Yes.

Seattle (Wash.) Daily and Sunday Times: Yes; they pretend to quote the eastern market, and on examination I find it to be the fact.

San Antonio (Tex.) Gazette: Yes.

Joilet (Ill.) Daily News: Yes.

Kokomo (Ind.) Tribune: Yes.

Trenton (N. J.) Evening Times: Action first seven above indicated unity. Manufacturers Paper Company alone appeared outside of "unity influence."

San Bernardino (Cal.) Evening Index: Yes.

Sacramento (Cal.) Union: Yes.

Durango (Colo.) Democrat: They acknowledge the agreement or pool.

Decatur (Ill.) Herald: Yes; up to date; but there seems to be a break in the line, and several want to close at once, but refuse to quote price.

Owensboro (Ky.) Messenger: Yes.

Hastings (Nebr.) Tribune: Yes.

Marion (Ohio) Star: Yes.

Louisville (Ky.) Herald: Yes.

Owensboro (Ky.) Inquirer: Yes.

Toledo (Ohio) News-Bee: What quotations we received without solicitation from some of the agents and brokers indicated that there was a unity of action by selling agents, and a uniformity of price, though we made no effort to prove this.

Williamsport (Pa.) Grit: Only by reason of similarity of quotations.

Fort Worth (Tex.) Telegram: It seems to us that the Graham Paper Company is controlling some or all of this territory.

Burlington (Vt.) Free Press: It was not possible to get quotations from any other mill.

Montgomery (Ala.) Advertiser: I have had two quotations from other concerns on short lots at an advance of over one-half cent. One was from Chatfield-Woods Company, Cincinnati, at \$2.88 delivered, another from Craig & Co., Broadway, New York, \$2.61.

Moline (Ill.) Daily Dispatch: Yes.

Peoria (Ill.) Journal: It hasn't looked that way to me. Prices ranged from \$2.46 to \$2.65.

Saginaw (Mich.) Evening News: Yes.

Jackson (Miss.) Daily News: Yes.

Knoxville (Tenn.) Sentinel: Yes.

(e) Has any of the selling agencies imposed new terms as to supply or restricted the period of contract to one year or less? Has any of said agencies refused to give you a contract for more than one year?

ANSWERS TO QUESTIONS E 1.

Ottawa, Canada, The Citizen: Mills now seem to be unwilling to make contracts for more than one year.

Ansonia (Conn.) Evening Sentinel: Old contract was two years; new one one year.

Hartford, Conn., The Courant: All quotations have been restricted to one (one year's supply).

Hartford (Conn.) Globe: Yes.

Naugatuck (Conn.) Daily News: Yes.

Stamford (Conn.) Daily Advocate: Yes; the International Paper Company would not contract for more than one year.

Winsted (Conn.) Citizen: Yes; Connell & Ward, New York, stated in August, 1907, that they could not contract for year only for delivery in October, 1907.

Savannah (Ga.) Savannah Press: International.

Chicago (Ill.) Daily Journal: The Cheboygan mill has not refused to give us a contract, but we have not asked it, as the price they have charged us we believe to be more than a fair market price. We have asked a yearly contract at a lower rate, but without success.

Danville (Ill.) Commercial News: All refused more than one year.

Peoria (Ill.) Herald Transcript: Some have. Manufacturers Paper Company.

Rockford (Ill.) Republic: October 16, 1907, Graham Paper Company, St. Louis, wrote us: The Mills are unwilling to consider long-time contracts, even at to-day's prices.

Streator, Ill., The Press: Have been limited to January 1.

Huntington (Ind.) Herald: Enlarge the minimum carload from 15 to 18 tons.

Indianapolis (Minn.) and Terre Haute (Ind.) Star: Our contract was restricted to one year by the International Paper Company.

Marion (Ind.) News Tribune: None would make more than one year's contract.

Marion, Ind., The Leader: Indianapolis, Ind., The Hoosier; Crawfordsville, Ind., The Review; Asheville, N. C., The Citizen: No offer beyond a year. Last contract only to fill out nine months of a year.

Clinton (Iowa.) Herald: All refused longer than one year. Some wanted to contract only for year 1907; some advise no contracts, suggesting buying from hand to mouth.

Davenport, Iowa, The Times: Yes.

Muskogee (Ind. T.) Daily Phoenix: The best contract we have been able to secure from any of the above houses was for one year.

Ottawa (Kans.) Daily Republic: The traveling men have said they would not make contract beyond January 1, 1908, and have refused to make contracts for future delivery.

Parsons (Kans.) Sun: Yes; and a specific price.

Salina (Kans.) Journal: Yes.

Bath (Me.) Daily Times: Not only raised price half cent, but now make us pay the freight.

Portland (Me.) Argus: Contract could only be made for one year.

Baltimore (Md.) American: One year only; asked for more, but was refused by the International Paper Company.

Boston (Mass.) Daily Advertiser and Evening Record: Now terms restricting allowance for waste and damaged paper claims made that we must pay for its paper as delivered regardless of injury in transit.

Adrian (Mich.) Daily Telegram: One year is the limit.

Menominee (Mich.) Herald-Leader: One year only.

Duluth (Minn.) Evening Herald: We have had no restrictions placed upon us in our contract, but when I closed with the manager of the mill I asked him whether he would give a two years' contract, and he said he would not, as they could not tell how conditions would be at the expiration of the present year. I did, however, receive a letter from him, which was pinned on to the contract, that in case there should be a general slump in the price of paper during the time contracted for by the Herald Company we should receive the benefit of such a decline. I do not anticipate this

amounts to anything, as they have got matters so arranged that there will be no special decline in the Northwest at least.

St. Paul (Minn.) Pioneer Press: Yes, so far as restricting the contract to one year. The mill absolutely refuses to make a contract for two years.

St. Paul (Minn.) Dispatch: Old terms production basis; new terms f. o. b. mill—spot cash. Haven't asked for new contract.

Joplin (Mo.) News Herald: Have not been able to get more than a year's contract during last three years.

Anaconda (Mont.) Standard: Selling agent refused contract for more than one year.

Omaha (Nebr.) World-Herald: My contract is for six months beginning January 1, but company offered to make it one year.

Keene (N. H.) Sentinel: One year only; International Paper Company.

Nashua (N. H.) Telegraph: All restrict to one year.

Newark (N. J.) Evening Star and Morning Star: St. Regis refused contract for more than one year.

Hudson (N. Y.) Register: We understand that they will make no contracts. We have not asked for any.

New York City (N. Y.) Journal of Commerce: They named the period for one year only and stipulated the amount. We previously had a year contract at \$2 with the G. N. Co.

Syracuse (N. Y.) Journal: Our mill would not contract for more than one year.

Syracuse (N. Y.) Post-Standard: Our new contract is for the calendar year 1908, and we found it impossible to make an agreement anywhere for a period longer than one year.

Syracuse (N. Y.) The Herald: All prices quoted are for one year's supply; mills claim they are not making price for longer than that period.

Charlotte (N. C.) The Observer Company: Contract is for year's supply; tonnage, however, limited to probable consumption.

Wilmington (N. C.) Morning Star: No uniformity as to terms. Some now quoting 3 to 3½ cents.

Cleveland (Ohio) Press: It has been frequently stated to us that if our contract expired soon we would not be able to get a renewal for more than a twelve-month period.

East Liverpool (Ohio) Evening Review: Could only contract with International for six months from July 1, 1907.

Hamilton (Ohio) Daily Republic: Will not contract for next year.

Cochocton (Ohio) Age, Alliance (Ohio) Review, Newark (Ohio) Advocate, Piqua (Ohio) Call, Marion (Ohio) Star, Mansfield (Ohio) News, Lorain (Ohio) Times-Herald, Lancaster (Ohio) Gazette, Zanesville Times-Recorder, Cambridge Times, Kenton News-Republican, Sandusky (Ohio) Register, Athens Messenger, Bowling Green Sentinel-Tribune, Portsmouth (Ohio) Times, Mount Vernon (Ohio) Republican-News, Painesville (Ohio) Telegraph, Massillon (Ohio) Gleaner, Elyria (Ohio) Telegram, Findlay (Ohio) Republican-Jeffersonian, Warren (Ohio) Chronicle, Hamilton (Ohio) Republican-News, Wooster (Ohio) Republican, Urbana (Ohio) Tribune: We have been told by jobbers they could not accept business beyond January 1, 1908.

Lima (Ohio) Republican-Gazette: Yes.

Marietta (Ohio) Journal: Agents in local territory refuse to talk contract for year's supply.

Guthrie, Okla., The Leader: Yes.

Allentown (Pa.) Morning Call: Yes, only for a year.

Allentown, Pa., The Item: We were in the habit of getting 15-ton cars. This year the Antietam Paper Company say that they are not sending anything less than 18-ton cars. We were never able to make contract for longer than a year.

Johnstown (Pa.) Tribune: International Paper Company have changed method of charging for cars, not material.

McKeesport (Pa.) Daily News: Only ask for one year; International Paper Company refused to make any quotations.

Pottsville (Pa.) Daily Republican: Our present source of supply, The Oswego Falls Company, has restricted its contract to one year, and we understand that this is the practice with all of them—that nobody can make a contract for more than one year, when before it was quite common to have two, three, and longer time contracts.

Reading (Pa.) Times: No; but the selling agents remind us that the price is going higher.

Wilkes-Barre (Pa.) Leader: Yes; no one has offered more than one-year contract.

Wilkes-Barre (Pa.) Times: Could not contract for more than one year. There were no new terms as to supply.

Williamsport (Pa.) Sun: New terms not subject of negotiation as yet. Contracts usually one year duration.

Columbia, S. C., The State: International's terms to us have been sixty days net; changed July 1 last to thirty days net. Former contract two years. New contract for one year; but we did not ask for longer contract.

Sioux Falls (S. Dak.) Daily Press: Yes.

Chattanooga (Tenn.) News: Their preference short-time contracts here; thus one year.

Wheeling (W. Va.) News: Yes; none will contract for more than one year.

Redlands (Cal.) Review: All refuse to make contract for a year.

Riverside (Cal.) Enterprise: We have not been able within the past four months to make a contract under any condition.

Wallace (Idaho) Press: Yes; refuse to contract even six months ahead.

Waterville (Me.) Sentinel: Can only make contract for one year.

Taunton (Mass.) Gazette: New contract limited to one year.

Winona (Minn.) Republican-Herald: One-year contract is the longest they will take, and payments must be in cash on delivery of car, with no discount.

Grand Forks (N. Dak.) Evening Press: Yes.

New York (N. Y.) Staats-Zeitung: Yes; refused longer than one-year contract.

Findlay (Ohio) Daily Courier: Yes; July 1, 1907, to January 1, 1908.

El Paso (Tex.) Herald: We have not been able to get more than a twelve-month contract.

Tucson (Ariz.) Daily Star: Yes.

Stockton (Cal.) Daily Record: They all want yearly contracts from us. As soon as they make a contract they telegraph to the mills (they state) to "cover" the amount contracted for.

Bridgeport (Conn.) Standard: Yes.

Norwich (Conn.) Bulletin: No; would make only one-year contract.

Augusta (Ga.) Chronicle: Yes; formerly sixty days time; now five each month; contract only for one year.

Rockford (Ill.) Morning Star: Yes.

Springfield (Ill.) News: Yes.

Evansville (Ind.) Courier: No jobbing house from which we have asked quotations will agree to a contract for more than one year.

Princeton (Ind.) Clarion-News: Minimum car increased from 30,000 to 36,000.

North Adams (Mass.) Herald: Schroon River people allowed us to pay in advance for the paper we would use during the month. The International Paper Company quoted us \$2.53 f. o. b. North Adams, but insisted on a check covering the full amount being sent.

Kalamazoo (Mich.) Gazette: One year best I have had talked to me.

Kansas City (Mo.) Journal: Have not been able to get contract for longer period than one year.

Sedalia (Mo.) Democrat-Sentinel: None of the concerns that quote us will enter into a contract for a longer period than one year.

Newark (Ohio) American Tribune: Two have.

Oklahoma City (Okla.) Oklahoman: Yes; the Graham Paper Company refused to make a contract for more than one year; they stated mills did not allow them to make longer contracts than for one year.

Lynchburg (Va.) News and Advance: Yes; International Paper Company declined to close contract for a longer period than one year.

Deadwood (S. Dak.) Pioneer-Times: Yes.

Memphis (Tenn.) Press: Selling agents have stated that we would probably not be able to get a new contract for longer than a year if our present one expired.

San Antonio (Tex.) Gazette: Yes.

Oshkosh (Wis.) Daily Northwestern: Would make contract for one year only.

Joliet (Ill.) Daily News: Our present mill would not consider contract for more than one year.

Kokomo (Ind.) Tribune: Yes.

Trenton (N. J.) Evening Times: Both quotations limited to one year.

Sacramento (Cal.) Union: Yes.

Decatur (Ill.) Herald: Will not contract for longer period than one year.

Owensboro (Ky.) Messenger: Yes; supply limited to specific minimum and maximum figures. No; haven't asked it.

Cincinnati (Ohio) Commercial Tribune: Yes; will not contract for a longer period than one year.

Louisville (Ky.) Herald: Yes; Berlin Mills, New York, in April.

Owensboro (Ky.) Inquirer: Yes.

Little Falls (N. Y.) Evening Times: Above form limits time contract to one year.
 Toledo (Ohio) News-Bee: Selling agents have stated that if our contract expired we would probably not be able to get a contract for more than a year.
 Fort Worth (Tex.) Telegram: Former contracts for two years. Now only for one year.

Jackson (Miss.) Daily News: Will contract for only one year at a time.
 Harrisburg (Pa.) Patriot: The Great Northern Paper Company did not refuse to make a two years' contract, but preferred to make one for one year only.

The CHAIRMAN. Your answer shows the date of these?

Mr. NORRIS. These papers have a date marked on them.

The CHAIRMAN. Is that the date of the reply?

Mr. NORRIS. The date of reply—that is, they have a blank for the date, and nearly all of them have a date.

The CHAIRMAN. When were they sent out?

Mr. NORRIS. About October, 1907; there are dates here indicating October 11 as the time of reply, and they trail along.

The CHAIRMAN. They were all sent out during the month of October?

Mr. NORRIS. Certainly; the latter part of September and October.

The CHAIRMAN. Well, yes—

Mr. NORRIS. Substantially, yes; but they did not all come in immediately; they trailed along two, three, or four weeks.

The CHAIRMAN. Have any of those come in since the 1st of January? Some of them refer to contracts dated January 1.

Mr. NORRIS. Oh, they would usually be made in November or December, for a supply beginning January 1. They would hardly be likely to make a contract in January for a supply beginning January 1.

The CHAIRMAN. No; I understand, but I think there was one contract referred to there of April 1, 1908; but the answers came in during 1907?

Mr. NORRIS. That is right. I do not recall a single one that has been incorporated in this memoranda since December 31, 1907 [continues reading]

(f) Have you any knowledge of any changes of selling agencies?

ANSWERS TO QUESTION E.

Aurora (Ill.) Daily News: The dealers through whom we bought formerly advise us they were unable to get quotations from mills lower than those made us by Butler.

Paterson (N. J.) Guardian: Used to make contracts with agents; now have to make contracts with the mills.

New York City (N. Y.) Journal of Commerce: Manufacturers Paper Company have lost the account of the Taggerts Paper Company.

Syracuse (N. Y.) Post-Standard: The St. Regis Company at the present time sells and collects for the St. Regis paper. After this year, according to our new contract, H. G. Craig & Co. will collect for the St. Regis paper.

Pottsville (Pa.) Daily Republican: There seems to be a contraction in the selling agency work, and there is decidedly not the same rivalry for business. This is openly apparent, although since the New York meeting we are being solicited by two firms for our business, and yet when we have asked them to give us the price they have laid down and refused to quote us. This is the case with Parsons Brothers and J. W. Place.

Riverside (Cal.) Enterprise: Prices are being continually advanced, and if need be we can show you the correspondence quoting these advances.

St. Joseph (Mo.) Gazette: Our supply used to be bought through General Paper Company, and when that dissolved we got a reduction of 10 cents per hundredweight on explanation that this was selling charge imposed by General Paper Company

Mr. SIMS. Is the General Paper Company a selling agency.

Mr. NORRIS. It was a selling agency of substantially 20 mills located in Michigan, Wisconsin, and Minnesota, principally in Wisconsin—1 in Michigan, 3 in Minnesota, and the others in Wisconsin [continues reading]:

Evansville (Ind.) Courier: We have been informed that Craig & Craig have been made the "dummies" for some New York mills and they must have a brokerage of 2½ per cent.

Kalamazoo (Mich.) Gazette: No; except Allen McEnery, of Chicago, are said to have succeeded the old General Paper Company.

Lynchburg (Va.) News and Advance: The International Paper Company withdrew from Smith-Dixon Company, Baltimore, our former agents, and sold us direct.

The CHAIRMAN. Allen McEnery is the name of one of the paper houses?

Mr. NORRIS. There is a paper house there which has been credited with more or less control in that territory.

The CHAIRMAN. Bradner, Smith & Co. and J. W. Butler Paper Company have been constantly referred to.

Mr. NORRIS. That is right.

[At this point Mr. Norris read a portion of an exhibit marked "G;" but the reading not having been concluded at the adjournment, the exhibit will be included in the report of the ensuing session of the committee.]

Thereupon the committee, at 5 p. m., adjourned until 10 o'clock to-morrow morning.

TUESDAY, April 28, 1908.

The committee met at 10.20 a. m., Hon. James R. Mann (chairman) presiding.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. You may proceed, Mr. Norris.

Mr. NORRIS. The next question is question (g), "Have you any information of any shut down or stoppage of any paper mill or restriction of output?"

(The witness at the previous session read the answers to question (g) as follows:)

ANSWERS TO QUESTION G 1.

Chicago (Ill.) Daily Journal: A number of paper mills in the West were shut down and the output restricted, the reasons given being no water and lack of wood. In the case of our own mill at Cheboygan, the output was restricted on account of the burning of the pulp mill. They were not able to grind their entire supply of wood and had a contract with the mill which was destroyed. They were badly crippled for some time, as we know, having visited the mill and observed the situation.

Marion (Ind.) News-Tribune: We have just experienced a shortage which will cost us several dollars on account of paper mill in Carthage, N. Y., shutting down, claiming no water.

Peru (Ind.) Journal: Yes; West End Paper Company, Carthage, N. Y., has failed to deliver goods according to yearly contract.

Omaha (Nebr.) World-Herald: Grand Rapids Pulp and Paper Company, Grand Rapids, Wis., advised us they would shut down for two weeks in September.

Keene (N. H.) Sentinel: Yes. Franklin Mill (International) closed for several months.

Asbury Park (N. J.) Press: The mill at Portsmouth, N. H., I am told, is restricting product.

Elmira (N. Y.) Star-Gazette: Yes; Oswego Falls has been shut down for several weeks and has supplied us from Niagara Falls and Malone, N. Y.

New York City (N. Y.) Morning Telegraph: I have been told in a general way that manufacturers of sulphites have agreed to cut output 50 per cent.

Syracuse (N. Y.) Herald: Mills all seem to be running to "full output;" one mill, capacity of 16,000 tons, will increase to 17,000.

Mr. NORRIS. I stopped yesterday at the Syracuse (N. Y.) Herald.
[Reads:]

Hamilton (Ohio) Daily Republican-News: It is claimed that Niagara Falls mills of Eastern New York manufacturers were closed down because of low water.

Marietta (Ohio) Journal: Agency supplying us under contract have given as a reason for nonshipment of car now due that mill in New York has been shut down during the dry period.

Williamsport (Pa.) Sun: As to letter, difficulty during summer alleged to be due to restriction imposed by condition at mills.

Redlands (Cal.) Review: All Pacific coast manufacture stopped two or three years ago. Prior to that time there were mills in Oregon and at Chico, Cal.

Riverside (Cal.) Enterprise: The Foreston mill in California has discontinued the manufacture of print paper.

Tulsa (Ind. T.) Daily World: In February Beacon Paper Company, St. Louis, laid down on car sold us at \$2.75; claiming mill had burned. Bought from other party at \$2.88.

North Adams (Mass.) Transcript: We are told that the Schroon River Company has stopped making news print, and is referring its customers to the International Paper Company.

Durango (Colo.) Democrat: Yes; the closing of the Denver mill. While it ran the trust cut prices to cripple it.

Williamsport (Pa.) Gazette and Bulletin: Only the present strike at Great Northern mill.

Harrisburg (Pa.) Patriot: The International did not give us a price. The Great Northern was shut down by a strike until about November 16, for a period of about four weeks.

Mr. STAFFORD. Are those all the answers you have to your question (g)?

Mr. NORRIS. Yes. There are answers "no" or blanks.

Mr. STAFFORD. I notice that many of the answers to these latter questions are not nearly as full as the answers to the first.

Mr. NORRIS. No; there were a great many who would answer question (a), and some (b), and simply duplicate (a), and some would not answer (c), or some would simply say "no," or "I know nothing about it."

Mr. STAFFORD. In your last list I do not think there are as many papers. Was your codification complete so far as the answers were contained in the original replies?

Mr. NORRIS. That is, where they are purely negative; where they do not give any information.

Now, as to answers to question (h) [reads]:

(h) Have you any information showing that the product of so-called independent mills has been acquired by any of the large selling agencies or the sale of their output merged? If so, give names and dates.

ANSWERS TO QUESTION H.

Boise (Idaho) Statesman: Agents stated Wisconsin mills had sold to International. Rockford (Ill.) Register-Gazette: Output of Booth Mill in Canada, we understand, is controlled by Allen McEnnery & Co., 135 Adams, Chicago.

Peru (Ind.) Journal: Yes; the Carthage, N. Y., paper mill (West End) by the Central Ohio Paper Company and J. W. Butler Paper Company, Chicago, also has special mill in New York.

Boston (Mass.) Daily Advertiser and Evening Record: I understand that such excess of the St. Croix Company is taken by the International.

Newark (N. J.) Star: Have been told International is buying paper from St. Regis. New York City (N. Y.) Journal of Commerce: No; but have heard of one company buying from another; but the G. N. Co. never mentioned names.

New York City (N. Y.) Morning Telegraph: Treasurer or some other officer of International Paper Company has bought block of Finch, Pruyn & Co.

Rochester (N. Y.) Evening Times: Was informed St. Regis had acquired agency for several mills, names of which I do not recall.

Syracuse (N. Y.) Journal: Oswego Falls Pulp and Paper Company supposed to be independent. Understand they attend meetings in New York.

Syracuse (N. Y.) Herald: Independent mills claim they can sell out their full output at high market prices.

Johnstown (Pa.) Democrat: Selling agent advises that such an understanding exists. Said it was not capable of legal proof, but was a fact.

Wilkes-Barre (Pa.) Leader: The Finch interest in the Finch-Pruyn Company has been acquired by the International Paper Company, I am told on good authority; that is why there "boosted."

Mr. STAFFORD. What is the paper company in that last case, the Wilkes-Barre, Pa., Leader?

Mr. NORRIS. I think the explanation of that is that George F. Underwood, at Glens Falls, had been associated all of his life with Finch, of the Finch-Pruyn Company. Finch died and his estate was disposed of to George F. Underwood. He is a wealthy man in his own right. Whether he bought it for the International Paper Company, or upon his own personal investment, we do not pretend to say or intimate. [Continues reading:]

St. Joseph (Mo.) Gazette: No; the day we contracted Mr. Harahan had a meeting with Northwestern mill men in Chicago. I saw mill men going to meeting.

Evansville (Ind.) Courier: Nothing direct. O. A. Miller, president Central Ohio Paper Company, Columbus, Ohio, if seen by right man can give information.

Sacramento (Cal.) Union: No; excepting that traveling agent for International Paper Company states his company "has everything now."

Milwaukee (Wis.) Sentinel: We have had propositions to supply us with paper from Cheboygan Paper Company, Cheboygan, Mich., J. W. Place & Co., New York.

The next is answers to question (j). [Continues reading:]

(j) Have you any information as to dates of meetings of paper manufacturers to consider prices? If so, when and where?

ANSWERS TO QUESTION J.

Ottawa (Canada) Citizen: Understand Canadian mills came to some agreement last June.

Chicago (Ill.) Daily Journal: The only information we have in regard to the meeting of paper manufacturers is from Mr. Frambach, president of the Cheboygan mill, who attended a meeting of the manufacturers in New York City in the early spring, I think in February or March; but we were not able to extract any information from him in regard to this meeting except in a general way. The information which he gave us is such as may be read in the Paper Trade Journal or in the Paper Mill any week.

The CHAIRMAN. This is in regard to the closing down of the mills?

Mr. NORRIS. In regard to the dates of meeting of paper manufacturers to consider prices.

[Continues reading:]

Taunton (Mass.) Herald-News: Only in an indefinite way when I made my contract last December.

Menominee (Mich.) Herald-Leader: Recently meetings have been held (September) Appleton and Neenah, Wis.

Duluth (Minn.) Evening Herald: I do know that the manager of the Colquet mill accompanied very frequently by the manager of the Itasca mill, which is on the Upper Mississippi, and under the tutelage of the Northwest Paper Company, of Cloquet, have been on the move constantly the past six months attending meetings at Chicago, New York, and different points throughout the United States.

New York City (N. Y.) Journal of Commerce: No; other than the G. N. Co. said the Canadians could not do any better than they could.

Syracuse (N. Y.) Journal: Understand first meeting was in February, 1907, at Waldorf-Astoria when the A. N. P. A. was in session.

The CHAIRMAN. That refers to the first meeting of what?

Mr. NORRIS. The first meeting evidently of the paper manufacturers. This is an answer to the question "Have you any information as to dates of meetings of paper manufacturers to consider prices? If so, when and where?"

The CHAIRMAN. Evidently that was not the first meeting; I suppose that was not the first time the paper manufacturers met together?

Mr. NORRIS. Oh, no; they meet every year in February.

The CHAIRMAN. What does he have reference to there, do you know?

Mr. NORRIS. This is in answer to a question "Have you any information as to dates of meetings of paper manufacturers to consider prices?" We will give evidence of the meetings of manufacturers to consider prices specifically for that purpose. [Continues reading:]

Syracuse (N. Y.) Herald: Only meeting we know of is one held near date of A. N. P. A.

Wilkes-Barre (Pa.) Leader: I learn that September 4 was fixed on as a date for raising price; but when this meeting was held or where I do not know.

Kalamazoo (Mich.) Gazette: Book-paper manufacturers met in Atlantic City and also in New York City. Writing-paper men met in Chicago last Friday and Saturday, October 26.

Centralia (Ill.) Evening Sentinel: In Chicago in March, when Ill. D. P. A. tried to contract as an association. Refused to bid, even. Was joint action.

The next are the answers to question (k). [Continues reading:]

(k) Have you had any experiences with Canadian mills?

ANSWERS TO QUESTION K.

Hot Springs (Ark.) Sentinel-Record: They sell in this country at same prices as mills in this country.

Denver (Colo.) News-Times: Received offer from Ottawa, Canada, mill of about same price as here, duty paid.

Chicago (Ill.) Daily Journal: The J. R. Booth mill at Ottawa furnished us 10 cars of very excellent paper in March. After trying this paper, our business manager visited Ottawa and tried to make an arrangement with Booth for 3,000 tons to be used within a year. He spent two days in Ottawa trying to close a deal. The duty, freight, delivery charge, and the other expenses of making sidewalk delivery from this mill to our offices in Chicago make a total of 49½ cents per hundredweight, so that the price of \$2.35 was \$1.85½ net mill, less, of course, a small brokerage which we presume was paid to Moody, the broker. When it came to "brass tacks" and closing a contract with Booth, no arrangement could be made for 3,000 tons. One excuse was that he had a contract with the International which would not expire until July and that he could not take on the order at that time, when an offer was made to accept the contract for as large an amount as 3,000 tons to be shipped to Chicago in one year. Whenever we changed our proposition in an endeavor to conform to his demands, some other reason would be assigned for not desiring to take the order. It appeared to be that he was trying to avoid making any contracts, preferring to sell his paper on the open market. The only propositions to which Booth could finally be pinned down was 10 cars for delivery in thirty days at \$2.35 and to take over our entire supply at the market price, which price, in Booth's opinion, would be advanced considerably between March and the 1st of January, 1908.

Danville (Ill.) Democrat: Our last car came from Ottawa, Canada.

Joliet (Ill.) Herald: We heard there was a Canadian agent in Chicago offering a better price, but were told on looking for him that he had raised his price and had left town.

Evansville (Ind.) Journal-News: We purchased a sample car at \$2.30 with the promise if satisfactory we could have a contract. The paper was satisfactory, but contract was rejected when we accepted. Were informed the entire output of this mill was sold, and they had no paper to offer. They were offering paper 20 cents under the market. This was J. W. Booth, Ottawa.

ANSWERS TO QUESTIONS K 2.

Clinton (Iowa) Herald: Birmingham & Seaman, Chicago, are handling Canadian print and quote a price lower than some American mills.

Davenport (Iowa) Times: Yes; see "A."

Jackson (Mich.) Morning Patriot: No; except our Chicago dealer quoted on Canadian print delivered in our city within 3 or 4 cents of prices paid by us. That much higher and pay duty and freight.

Sault Ste. Marie (Mich.) News: Secured quotations from Imperial Paper Mills Company (Limited), of Sturgeon Falls. Price quoted was \$2.15 f. o. b. mill on July 30, 1907.

Omaha (Nebr.) World-Herald: Received in October indirect quotation of \$1.90 f. o. b. mill Canada. Think eastern papers can not get such low quotations.

The CHAIRMAN. What does that mean, "\$1.90 f. o. b. mill Canada?"
Duty paid or duty not paid?

Mr. NORRIS. This is \$1.90 f. o. b. at the mill in Canada. If that was \$38 he would pay \$6 duty; he would pay freight and sidewalk delivery himself, and bring it up probably to \$2.35 or \$2.40. At Omaha it would be higher because of the greater freight distance.
[Continues reading:]

Nashua (N. H.) Telegraph: Yes; 1904 and 1905 we used paper from a Canadian mill.
Newark (N. J.) Star: Was quoted a price of \$2.25 by agent of Booth Ontario, in May, 1907.

Mr. STAFFORD. Have you the production of the Booth mill at Ottawa?

Mr. NORRIS. I think it is 90 tons. I have that matter, and later I will put it in the record in connection with 5 or 6 of the Canadian mills.

The CHAIRMAN. Does that mean 90 tons a day?

Mr. NORRIS. Yes; but I am stating that merely from recollection.
[Continues reading:]

Paterson (N. J.) Guardian: Are trying to make contract at present time in Canada.
New York City (N. Y.) Morning Telegraph: Am negotiating with one now.
Syracuse (N. Y.) Journal: Laurentide, of Grand Mere, Quebec, quoted us \$2.47½ f. o. b. Syracuse. Could get no quotation in United States except from mill that was supplying us.

Syracuse (N. Y.) Post-Standard: The writer has recently spent a week among the news print mills of Ontario and Quebec and of the Fox River and Wisconsin Valley; and was within 5 cents 100 of making contract for 1908 with Laurentide mill below Montreal. This mill, as your committee probably knows, has a capacity of 50,000 tons per year, while the total news print consumption of all Canadian newspapers is only 25,000 tons per year. There is therefore a surplus product of this big mill, also of the large Booth mill at Ottawa, and of other mills, available for export; and we have personally satisfied ourselves that the Canadian mills are anxious to export their surplus to the United States rather than to Great Britain, or South America, or New Zealand, as they are now doing.

The CHAIRMAN. Do you think that is so?

Mr. NORRIS. There was printed in the Toronto Globe recently in connection with pulp and pulp-wood matters which they were discussing—I think the statement comes from Mr. Van Horn, president of the Laurentide Company—and the increase that I have is just 2,000 different from that, that is, the Laurentide capacity is 52,000 tons, and that the Canadian newspapers consume 27,000 tons altogether. That is substantially 90 tons per day of the mill working days.

The CHAIRMAN. This is just one mill?

Mr. NORRIS. Just one mill, which is turning out twice as much as all the Canadian newspapers consume.

Mr. STAFFORD. And there are 25 others?

Mr. NORRIS. Oh, no; there are four or five other large news print mills in Canada.

Mr. STAFFORD. I understood that in 1901 there were 26 mills engaged in the manufacture of news print paper. That was disclosed by the hearings had by the royal commissioners to investigate the Canadian paper trade in 1901.

Mr. NORRIS. Might there not be a confusion in that with books and other matters?

Mr. STAFFORD. No; the information was specific; it is news print paper in this document which I have in my hand, with the names of the manufacturers.

The CHAIRMAN. I think you mentioned one other which produced 90 tons a day.

Mr. NORRIS. That was the Booth mill at Ottawa.

The CHAIRMAN. That is over 30,000 tons a year.

Mr. NORRIS. That is 27,000 tons, with the mill working days, substantially—a little over.

The CHAIRMAN. No one else uses news print paper in any considerable quantity excepting newspapers?

Mr. NORRIS. Well, jobbers and printers, but not in any considerable quantity.

The CHAIRMAN. So that the surplus must be exported?

Mr. NORRIS. That is true.

The CHAIRMAN. Then a record showing the quantity of news print paper exported by Canada would be of some value on this point?

Mr. NORRIS. That is true.

The CHAIRMAN. Have you made any examination as to the quantity of news print paper exported from Canada?

Mr. NORRIS. I have in the course of the last two or three years, but my mind is not now charged with the details of that information in that special relation. Some of these mills are, I think, comparatively recent, and some of the mills can also shift their news print to other makes of paper; it is possible.

The CHAIRMAN. I do not know where I acquired the impression, but I have received the impression somewhere that the total of news print paper consumed in Canada was quite a number of times more than the surplus.

Mr. NORRIS. You have a directory there, and will you allow me to ask you which directory it is?

The CHAIRMAN. Lockwood's.

Mr. NORRIS. Possibly I can find it in there.

The CHAIRMAN. Is there any other directory?

Mr. NORRIS. Yes.

The CHAIRMAN. What is it?

Mr. NORRIS. The Paper Mill Directory, which, I think, gives that in concrete form, as to the daily output.

The CHAIRMAN. The Paper Mill Directory? By whom?

Mr. NORRIS. By L. W. Post, of 13 Park Row, New York City.

Mr. STAFFORD. On page 694 of Lockwood's Directory there is given the condensed data of all the countries in the world as to the amount of print paper and wood pulp and the number of machines.

Mr. NORRIS. Yes; but that would not be especially illuminating, because in this it gives the total number of factories, machine making and hand making, as 36.

Mr. STAFFORD. That was in 1904.

Mr. NORRIS. Your statement was as to 1901.

Mr. STAFFORD. And you stated that there were only 4 or 5 at that time.

Mr. NORRIS. I say there were 5 large mills.

Mr. STAFFORD. I have in this document a statement which gives the manufacture, although not the capacity, of each of the 26 mills

referred to in 1901. According to that directory there was an increase of 10 mills in three years, from 1901 to 1904.

Mr. NORRIS. I have here a classified list in the Lockwood Directory of the Canadian mills; that is, the producing or capable of producing mills. The Belgo-Canadian Pulp and Paper Company, of Shawnegan Fall, Quebec; the Canada Paper Company (Limited), Montreal—that is on page 242 of the Lockwood Directory. I do not know whether these lists are of news mills, or of news mills and selling agencies of news mills—whether it is not a directory of the people who are associated with news mills.

[Continuing reading:]

Syracuse (N. Y.) Herald: Yes; some. One mill offered \$1.96½ at mill; freight rate, 19 cents; duty, 30 cents, to be added.

Reading (Pa.) Eagle: No. An agent in Philadelphia offered us paper at 15 cents per 100 pounds less than we pay, but conditions brought it to the price we are paying.

Burlington (Vt.) News: Yes. In 1904-5 we bought paper in Canada of very satisfactory quality and duty paid. Got it for less than we could do on this side of the line.

Los Angeles (Cal.) Evening News: We are just receiving 8 carloads from Laurentide Pulp Company, shipped from Grand Mere, Canada, billed at mill at \$1.90. This order, however, was placed through Willamette Pulp and Paper Company.

Meriden (Conn.) Morning Record: In 1904 and 1905 bought of Imperial Mills, Sturgeon Falls.

My impression is that those mills are now closed; that they were not a financial success. I am referring to the mills at Sturgeon Falls.

Mr. STAFFORD. Have you any data which you will submit later as to the present capacity and condition of the Canadian mills?

Mr. NORRIS. The only data is that which I would gather from the paper-trade directories—that is, the paper-mill directories—and the data which I gather from the publications in the Toronto Globe's little book called "Pulp Wood," which I will submit to you.

Mr. STAFFORD. You or none of your representatives have any personal acquaintance with the condition of the Canadian mills and their output?

Mr. NORRIS. I personally have not been to any Canadian paper mill. I have been to the Canadian Pulp Mill at Sault Ste. Marie, Ontario, but that was many years ago.

The CHAIRMAN. Do you know how many Canadian mills have been closed?

Mr. NORRIS. I do not.

The CHAIRMAN. You just spoke of one as not being a financial success. Which one was that?

Mr. NORRIS. The one at Sturgeon Falls.

The CHAIRMAN. Do you know of any others?

Mr. NORRIS. I do not. I do not understand that that was due to any defect with respect to manufacture, but that it was rather due primarily to early and high financiering.

The CHAIRMAN. Is that a mill which could not be operated with profit?

Mr. NORRIS. It was when fixed charges are piled up—

The CHAIRMAN. I said, "operated with profit?" Fixed charges will grow just as rapidly whether a mill is open or closed.

Mr. NORRIS. I do not know whether the closing was due to inability to manufacture paper cheaply, or what were the causes that led up to it. My impression was that it was caused by extremely high figures which had been paid originally for whatever had been gotten.

The CHAIRMAN. Would it not seem rather strange to you that with this great increase in price of paper, and the opportunity of the Canadian mills to furnish paper at a higher price, that they should be compelled to close down at this time because they were not operating at a profit?

Mr. NORRIS. It is not closed at this time. They have been closed for a considerable time.

The CHAIRMAN. But they are closed at this time?

Mr. NORRIS. The latest talk I had was that they were starting up.

The CHAIRMAN. Are they not closed now?

Mr. NORRIS. My impression was that they were closed.

The CHAIRMAN. Have they not had trouble with some other mills in Canada?

Mr. NORRIS. With their water?

The CHAIRMAN. No; from the fact that they could not operate profitably on the price of paper?

Mr. NORRIS. Not that I am aware of.

The CHAIRMAN. I read the other day, I do not know where—but I will get it if I have laid away the article—about one of the large mills in Canada, whether this was the one or not I can not say, but that it had closed down hoping that it might sell profitably.

I thought I would remind you, thinking perhaps you could purchase that mill at a low price.

Mr. NORRIS. I may help you out on that thought. I think we receive an average of three propositions a week for concessions and opportunities for the location of attractive news print paper mills in Canada, with limitless timber tracts and numerous power sites or water routes to market. One consul report from Three Rivers, by Mr. Warman, shows that they had in Quebec alone, of pulp wood, 745,000,000 cords, enough to keep the entire United States going on spruce wood for all of its paper manufacture for over 200 years, if there was not a particle of reproduction in any of the Canadian forests, and that in one province of Quebec. That is exclusive of the other provinces, New Brunswick, Newfoundland, and Ontario.

The CHAIRMAN. You do not share in the theory of Mr. Pinchot and various other forestry experts, that the enormous consumption of print paper and wood pulp is going to deplete all of the forests of North America within a short time?

Mr. NORRIS. I am afraid that you are anticipating a branch of the subject to which we will give specific attention, and upon which we will excite your lively interest. It is one of the first of our divisions, namely, on the price of wood and speculation in woodland.

The CHAIRMAN. Very well.

Mr. NORRIS (continues reading):

Oil City (Pa.) Derrick: Yes; using Booth mills paper. Quality satisfactory.

Joliet (Ill.) Daily News: We are now dealing with the Booth mill, of Ottawa. Product very satisfactory so far.

Houston (Tex.) Chronicle: Yes; have a very satisfactory supplemental contract with J. R. Booth, of Ottawa, Canada. Good paper, and prices lower than American mills.

Louisville (Ky.) Herald: Berlin Mills Company owns and operates several.

Burlington (Vt.) Free Press: Yes; for more than two years bought of Sturgeon Falls, Ontario, mill. Not as good paper as St. Regis and when price fell to \$2.15 net they drew out. They charged \$1.90 and we paid duty.

The next is answers to question (l). [Continues reading:]

(l) Can you get news-print paper when you want it and in sufficient quantity to supply your needs, or has your supply been curtailed?

ANSWERS TO QUESTION L 1.

Nashua (N. H.) Telegraph: Have had no trouble, though our contract is nearly \$1 per 100 pounds below market price at present time.

Elmira (N. Y.) Star-Gazette: We wanted a 450-ton contract, but they would only give 400 tons. Deliveries have been slow.

New York (N. Y.) Journal of Commerce: Have always been able to get what paper we needed without delay.

Rochester (N. Y.) Herald: We get what we need now, but we had to fight for it in June and July.

Johnstown (Pa.) Democrat: Our supply has been regular and sufficient under contract. Have been told not to attempt to buy on market next year.

Sacramento (Cal.) Union: Supply curtailed by Willamette Company last spring.

The next is answers to question (m). [Continues reading:]

(m) Has your supply been shifted from one mill to another or from one agency to another? If so, from what mill and agency and to what mill and agency?

ANSWERS TO QUESTION M 1.

Hartford (Conn.) Globe: Peppscot Paper Company sent us paper from different mills in Maine.

Stamford (Conn.) Daily Advocate: Yes; to the St. Geager Pulp and Paper Company, Norwalk, Conn.

Aurora (Ill.) Daily News: From W. A. Fowler Paper Company, Chicago, to J. W. Butler Paper Company, same city.

Chicago (Ill.) Daily Journal: This question has been previously answered.

Danville (Ill.) Commercial News: Changed by contract as above.

Elgin (Ill.) Courier: Same agent, new mill. Consolidated Paper Company mill to Kimberly Clark Company.

Peoria (Ill.) Herald Transcript: Shifted from Wisconsin to Maine mail.

Marion (Ind.) News Tribune: We were shifted by Central Ohio Paper Company from Rhinelander, Wis., which paper was very poor, to Carthage, N. Y.

Topeka (Kans.) State Journal: Yes; from Allen McEnery & Co., Chicago, to the mill direct from which shipments were made.

Paducah (Ky.) Sun: Yes; from Oswego Falls Pulp and Paper Company to Wisconsin mill. As our contract is with a broker, I have thought nothing of it.

Winona (Minn.) Independent: Supply has been shifted from Rhinelander Paper Company, Rhinelander, Wis., to Delf Paper Company, Eau Claire. We also have bought from different agencies.

Keene (N. H.) Sentinel: Yes; by International Paper Company.

Mr. STAFFORD. Right here, it does not give the dates when those shiftings took place, and those that refer to the companies included in the General Paper Company must have been while the General Paper Company was organized and in operation.

Mr. NORRIS. The General Paper Company was dissolved May 14, 1906. These letters were answered in October, 1907, sixteen months afterwards. It is possible that contracts made in May, 1906, might have been running just prior to the writing of this letter. Keene, N. H., might have been one of the 31 mills of the company, unless there was some distinct stipulation to send it from one mill, which I think does not usually appear in the International Paper Company's contracts. [Continues reading:]

Newark (N. J.) Evening News: Our supply known as cotton waste from Turner Falls, Mass. Mill known as the Montague Mills.

New York (N. Y.) Journal of Commerce: There have been times when the G. N. Co. have sent us paper not their own make, but don't know whose make it was.

Syracuse (N. Y.) The Herald: Finch-Pruyn Company, Glens Falls, have our contract lately; however, the International mill at Fort Edward has been shipping some to us.

Hamilton (Ohio) Daily Republican News: Original contract was from West Carthage, N. Y. Paper now coming from Rheinlander, Wis., and they claim West Carthage mill had no water for ten weeks.

Lima (Ohio) Republican Gazette: Not for two years.

Marietta (Ohio) Journal: Some agency supplies us, but paper coming from warehouse is product of different mill—Wisconsin instead of New York.

Sandusky (Ohio) Register: Yes.

Guthrie (Okla.) The Leader: Yes; three or four mills.

Pottsville (Pa.) Daily Republican: Yes; against our wishes and positive protest our supply has been shifted from the mill that we contracted for at Fulton, N. Y., to the Pettibone mill at Niagara Falls. Once before they shifted to the Norwood Mill, and gave us such a rotten paper that we could not use it, and yet they made us pay for it, simply because we had housed the paper and not made our complaint in the specified time that the fine-print reading matter of the contract calls for. Now, they are giving us paper from the Pettibone mill, which is very much heavier than our contract calls for, and yet they dispute every assertion and evidence that we show them of heavy weight paper, and tell us that if we don't like it that we can take our trade elsewhere, which we would if we were not in a hole.

The CHAIRMAN. What is the disadvantage in getting the heavy-weight paper?

Mr. NORRIS. You might as well add to the price.

The CHAIRMAN. Where it is sold by the pound?

Mr. NORRIS. By the pound and not by the number of sheets. For instance, the New York Times produces a little over four 16-page papers to the pound. If that weight were materially increased, we would put out fewer papers to the pound; and an increase in weight above a standard is equivalent to an increase in price to us, though it does not yield to the mill an increase in price because it contributes the material to it. It is a slight gain to the mill, but not as much as the increase of price. For instance, they run heavy paper over their machine, and the product of a paper machine may be increased from 30 to 33 and possibly 35 tons per day with substantially the same force, same machinery, same fixed charges, and the only additional cost would be the weight of the paper—the cost of the additional material entering into it—while the newspaper would pay the price per pound on all of it.

The CHAIRMAN. Is the heavier paper of the better quality?

Mr. NORRIS. Not always; it depends upon the surfacing of the paper. Ordinarily it is much more desirable than a thin paper. When the paper is run very thin it becomes translucent, so that you can see the impression of the ink on the other side. There is a standard maintained by the paper companies, under an agreement made in 1898, of 32 pounds to 500 sheets measuring 24 by 36, and the standard contract will permit them to vary 6 per cent substantially on either side of that without any deductions or allowances; that is, 2 pounds either way on the 32 pounds.

The CHAIRMAN. Just for information on that point. Of course there is a very marked difference in the weight, and, I judge, the value of the different papers used by newspaper publishers; for instance, in the city of Chicago the Evening Post and the Evening Journal use different qualities of paper. At least that is my impression.

Mr. NORRIS. I think that is quite true.

The CHAIRMAN. Now, is the price the same per ton?

Mr. NORRIS. No; for two reasons. I think you will find that the Evening Post is a paper which has a larger percentage of sulphite pulp

in it than the Evening Journal paper, and is probably considerably heavier in weight and makes a finer paper. Now, I say that I have not seen the Chicago Evening Post for a couple of years, but I think the paper is very much like that of the New York Evening Post.

The CHAIRMAN. Take the city of Washington. My impression would be that the paper in the Evening Star is somewhat different in quality to that of the Evening Times. You have seen those papers probably. Is the paper sold based upon the weight?

Mr. NORRIS. No; the paper is sold upon the basis of weight from each mill, and there are mills which have different proportions. There are mills which profess to put in cotton waste into their output. This reference to Turner Falls mill was as to that character. The Montague mills—it was understood that they turned out a very fine quality.

The CHAIRMAN. Take the city of New York, where you are probably familiar with the conditions. Do the New York Times and the New York American use the same quality of paper, in your opinion?

Mr. NORRIS. Substantially; I think almost identically. Our output comes from the Hudson River mill, and the bulk of the New York American and Journal product comes from the Fort Edwards mill, a few miles farther down the river.

The CHAIRMAN. Do all of the daily papers in New York with a large circulation use the same quality of paper?

Mr. NORRIS. The New York World and the New York Herald get their supply from the Great Northern Paper Company. They use about 200 tons a day between them. We all have our opinion; I do not think that their paper is quite as good as the paper which we use, but it is entirely a matter of experience and taste. It may be affected by the color of the paper. Some publishers prefer a cream white, some prefer a blue white, and some paper is calendered more than other paper.

The CHAIRMAN. But what I wanted to get at was, in giving these figures about prices, and everything of that kind with reference to news-print paper, whether they substantially refer to the same quality of paper or whether there was sufficient variation to be taken into consideration.

Mr. NORRIS. These cases which you are talking about are exceptional and quite small, but the general answer which would be applied to your Washington proposition is, that all of them had been raised from 2 cents to 2½ cents a pound. That is my information from the Washington papers; and that there is not a very considerable difference in news-print paper. In the West there is a distinction which they make between No. 1 and No. 2 news, about which I am not very well posted.

The CHAIRMAN. If the quality of the paper used in the Star and the quality of paper used in most of the daily papers I see is the same and costs the same, I would not commend that paper.

Mr. NORRIS. Some of those matters are controlled partly by the typography of the publication and partly by the presswork on the publication. In the Washington Star the typography is exceedingly fine. There is an objection to the heavy display type, and the obtrusive ink cuts; and there is also very effective presswork done there, all of which contributes. We had that question up in New York in various shapes, with paper from the same machine, the same mill,

printed upon identically similar Hoe presses, with ink supplied by the same man to both establishments, and with pressmen who had been employed in the other shops, and yet the papers would not look as well. There were factors, such as the wide margin and the openness of the type as well as the character of the typography, the width of the columns, and everything of that sort, which would have an effect in making an impression, and which one would gather without knowing why the impression was made.

The CHAIRMAN. Is there any distinction so far as you know in the character of paper used by the so-called 1-cent, 2-cent, and 3-cent dailies?

Mr. NORRIS. There is a distinction on some of the 3-cent papers of those that I know. The New York Evening Post and the Brooklyn Daily Eagle are understood to have a better quality of paper, but that quantity is exceedingly insignificant in the general proposition. The New York Herald paper, a 3-cent paper, is made at the Great Northern Mill, substantially beside the New York World, which is a 1-cent paper. For years the Herald and the New York World were made together at Glens Falls, N. Y., when the Herald was a 3-cent paper and the World a 1-cent paper. There is not a considerable or appreciable difference or one that is a factor in the general aspects of this proposition.

Mr. SIMS. Are the Herald and the World the largest buyers of print paper?

Mr. NORRIS. No; the New York Journal.

Mr. SIMS. What amount does the Journal use per day?

Mr. NORRIS. Well, I am not entirely clear upon that. It contracts for its own supply, that is, the New York Journal and the New York American, and I think it contracts for the Boston publication of Mr. Hearst, and the Chicago publication, and I think the San Francisco and the Los Angeles publications of Mr. Hearst. Then, too, Mr. Hearst has other ventures for which he buys paper, and I think some of that paper is news print paper. I think the Hearst "Hearth and Home," and some such publications as that, weekly, of very considerable circulation, is printed on news print paper. Without pretending to state accurately, I have been told that the Hearst publications take approximately one-fourth of the entire output of the International Paper Company—that is, about 300 tons per day.

The CHAIRMAN. Is the New York Journal a Hearst paper?

Mr. NORRIS. Yes.

The CHAIRMAN. I did not know that, not being interested in the subject, and having had no occasion to look into it.

Mr. NORRIS. It is quite a unique publication. It has a circulation, I think, unquestionably, exceeding 700,000 per day, the evening publication; and it has a morning publication known as the New York American of a very considerable circulation. Then there is the Sunday publication of the Journal-American, quite large in size and extensive in circulation, using an immense output of white paper, so much so that recently when they cut off the returns to newsboys in the street in New York City they saved 60,000 copies an afternoon in the mere curtailment of returns.

The CHAIRMAN. Returns from newsboys?

Mr. NORRIS. The unsold papers brought back.

Mr. SIMS. Do you know at what rate Mr. Hearst gets paper for all of his great supply?

Mr. NORRIS. I do not.

Mr. STAFFORD. Has there been any talk or any intimation as to the contract at which he purchases paper?

Mr. NORRIS. A great deal of it.

Mr. STAFFORD. At what price has it been rumored he pays for his paper?

Mr. NORRIS. Well, I give it to you for what it is worth—about \$1.92, \$1.94, to \$1.96. I understand that some comparatively recent settlement has been made, but whether it was entirely a new deal or whether it was the result of an old contract providing for a readjustment at a given time I do not know.

Mr. STAFFORD. Are you acquainted with the length of the contract period for which the paper is furnished?

Mr. NORRIS. I am not.

Mr. SIMS. Will you give us the name of the gentleman who controls as to the making of the contract for the Hearst publications; that is, who could give us the information?

Mr. NORRIS. S. S. Carvalho.

The CHAIRMAN. Is Mr. Hearst a member of your association?

Mr. NORRIS. The New York Journal?

Mr. MILLER. Is Mr. Hearst a member?

Mr. NORRIS. I will have to look at our papers to see; I think he is. I am not certain. There has not been much sympathy shown or not much interest taken by the New York Journal in this agitation, if that is the purport of your inquiry.

Mr. SIMS. Now, right there, did you notice the article read by Mr. Dalzell yesterday morning, as coming from the New York Journal, or the American, I have forgotten which now, and bearing upon this question?

Mr. NORRIS. I did not see it.

Mr. STAFFORD. The prices which you have stated are the rumored prices which Mr. Hearst's publications receive. Are they the prices at the mill or at the delivery of the print establishment?

Mr. NORRIS. The rumored prices delivered on the sidewalk at the newspaper offices.

The CHAIRMAN. Do you not think that Mr. Hearst is getting about the same price that the New York Times is getting; your paper?

Mr. NORRIS. That is right; our contract having been made January, 1905, and signed March, 1905—that is, signed three years ago.

The CHAIRMAN. You told us the other day that the contract was of January 1, 1906.

Mr. NORRIS. It began January 1, 1906, the supply began; but the contract, the negotiations, were substantially completed January, 1905, and the contract was signed March, 1905, which would be more than three years ago.

Mr. SIMS. Do you know, or have you information, as to how late the contracts by which Mr. Hearst's papers are sold were made with the International Paper Company?

Mr. NORRIS. I have no information absolutely on that subject, and the most that I can give would be street talk.

The CHAIRMAN. We will be able to get that information if it is considered pertinent.

Mr. SIMS. I did not know but that Mr. Norris knew.

Mr. NORRIS. I meant that because we are neighbors, and I have a certain hesitation about discussing what is the talk as to the business of a neighbor.

Mr. SIMS. Anyway, the papers that we call the Hearst papers have not been active in this demand which your association is making?

Mr. NORRIS. That is accurate.

Mr. STAFFORD. Can you state the difference in price between grades No. 1 and No. 2 of print paper used in the West?

Mr. NORRIS. I do not know anything about it; never dealt in paper of that character, and never practically knew anything of any differences between those qualities. That simply comes to me from hearing western men talk of No. 1 news print and No. 2 news print. So far as we knew all the mills in the East aim to have identically the same kind of paper.

The CHAIRMAN. Mr. Norris, you are more or less expert on news-print paper?

Mr. NORRIS. No, sir.

The CHAIRMAN. You are not, on quality?

Mr. NORRIS. I am not on quality.

The CHAIRMAN. You may proceed.

[Continues reading:]

Reading (Pa.) Eagle: I am informed that the Oswego mill can not make all the paper they sell. They buy from other mills, but the paper is always shipped from the same point.

Wilkes-Barre (Pa.) Times: We have shifted from the Berlin Mills Company to the Great Northern Paper Company, and buy through Megargee Brothers, of Scranton, instead of buying direct, as we formerly did.

Columbia (S. C.) The State: Usually from Carthage, N. Y., or Brownsville, N. Y. Denison (Tex.) Herald: From Rhinelander, Wis., to Port Edwards, Wis.

Wheeling (W. Va.) Register: The supply now furnished us under contract is not as good as contract calls for, and when I complained the trust wrote they would make no concession and would annul the contract.

Salt Lake (Utah) Tribune: In 1906 from General Paper Company, Chicago, to Kimberly & Clark, Neenah, Wis. Think they are practically the same house.

Mr. STAFFORD. The Kimberly & Clark Co. was one of the adjunct companies of the General Paper Company.

Mr. NORRIS. And it appears to be responsible for the employment of a man named Hurlburt who is manager of traffic and is representing the product of all of the mills formerly members of the General Paper Company. Upon that matter I will give you a publication purporting to come from the Kimberly & Clark Co., stating that this manager of traffic had been employed by all of those mills.

Mr. NORRIS (continuing reading):

Salt Lake (Utah) Deseret News: When General Paper Company quit, they transferred our paper contract to Rhinelander Paper Company, who are carrying it out.

La Crosse (Wis.) Leader-Press: We changed voluntarily to a new mill at Sartell, Wis.

The CHAIRMAN. Referring to the General Paper Company, that was the illegal combination that was dissolved by the order of Judge Seaman. They had contracts when they were dissolved and transferred them to certain mills?

Mr. NORRIS. I understand that substantially this occurred: That certain papers under the General Selling Agency were being supplied

from mills; that the supplies from those particular mills to those particular papers were substantially continued to the expiration of the contract, the settlements being made with the mill itself instead of with the selling agency. That is my general impression. It might be entirely proper and consistent for them to have shifted from one mill to another at that time in order to adjust conditions either for the mills or for the customers. I mean without any intimation of any impropriety or illegality in that transaction. I am reading this merely as an answer—

The CHAIRMAN. Oh, I appreciate that; it is not to your personal knowledge?

Mr. NORRIS. No.

[Continuing reading.]

Riverside (Cal.) Enterprise: Yes; until the past year we have bought Willamette paper. Now we can not obtain this sheet, but are compelled to buy eastern paper.

Grand Rapids (Mich.) Evening Press: Three different mills—i. e., John Edwards Company, Flambeau Paper Company, Combined Locks Company.

The CHAIRMAN. There are three bells, which means that your self-appointed prophet in the House, and special ally, has stopped the hearing, and we are obliged to go over there where everybody on a roll call will vote one way, and do it in order to hasten this hearing.

Mr. NORRIS. If our professed friends in the majority were to do what they avow themselves extremely anxious to do, this proposition would have been passed about four weeks ago, and there would have been no roll call on this account.

The CHAIRMAN. I do not see how you can say that you have any professed friends in the majority considering the abuse you have given.

Mr. NORRIS. I have not given any abuse, unless you are talking to me as a representative of a number.

(At 11.35 a. m. a recess was taken to meet at 2 o'clock p. m.)

AFTERNOON SESSION.

The committee reassembled, pursuant to recess, at 2 o'clock, p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. I have caused to be sent to all the Members of the House and Senate the following letter:

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,
Washington, D. C., April —, 1908.

DEAR SIR: The Select Committee of the House on Pulp and Paper Investigation is holding daily sessions and carrying on its investigation. The Committee desires to push its work as rapidly as possible, and on the other hand desires to afford opportunity for interested persons to be heard. If any of your constituents who are users or manufacturers of wood pulp or paper desire to testify to pertinent facts before the committee on the question as to the existence of a combination or conspiracy to increase the price of paper, or as to the effect of the present tariff duties on the price of paper and the paper industry, or as to other facts bearing upon the work of the committee, the committee will be pleased to hear them at the earliest possible moment, having due regard to the admission of testimony in proper order.

The committee is now hearing newspaper publishers. If you have any such who wish to testify, please notify them at once.

Yours, very sincerely,

JAMES R. MANN, *Chairman.*

I received a few days ago from Mr. Melville T. Stone, secretary of The Associated Press, the following letter:

THE ASSOCIATED PRESS,
General Office, New York City, N. Y., April 21, 1908.

HON. JAMES R. MANN,
House of Representatives, Washington, D. C.

SIR: I have the honor to inform you that at the annual meeting of The Associated Press held this day the following address was adopted, and I was directed to transmit the same to you:

Representatives of 774 daily newspapers gathered at the annual meeting of The Associated Press respectfully ask the President and Congress to grant immediate relief from the exactions of combinations of paper makers. In September, 1907, and again in November, 1907, the attention of the authorities was directed to the excessive prices then demanded by the paper combination. Immediately upon the assembling of Congress 20 or more bills aiming to correct these conditions and to put paper and pulp on the free list were introduced and referred to the Ways and Means Committee. Persistent efforts to obtain a hearing have been refused. Dilatory tactics have been employed to prolong present conditions and to carry over to another session of Congress every proposition designed for relief. All newspapers here represented protest against delay.

Attention is also directed to the false reports of news print paper prices which were recently furnished to Congress by the Director of the Census Bureau. The newspapers here represented use approximately 80 per cent of the news print paper consumed in the United States. We denounce the quotations as submitted to Congress as misleading and unworthy of credence. The reiteration of the accuracy of these figures of the Director after the error had been called to public attention tends to shake public confidence and respect for statistics thus compiled.

Yours, truly,

MELVILLE E. STONE,
Secretary, The Associated Press.

You will remember that I read into the record the other day a telegram that I sent to Mr. Stone, following the receipt of this letter from him. I have now received this additional letter from Mr. Stone, dated April 27, 1908:

THE ASSOCIATED PRESS,
New York City, April 27, 1908.

HON. JAMES R. MANN,
House of Representatives, Washington, D. C.

DEAR MR. MANN: I received your telegram in due course. It notified me to appear as a witness before your committee. Let me say that my action in transmitting the resolution of the Associated Press was purely a ministerial one, and as the secretary of the association, and that in transmitting it I did not assume to know any of the facts in the matter whatever. I do not own a newspaper, and I am not buying white paper, nor have I been for some years. I therefore have no information on the subject that would be of special value to your committee.

Sincerely, yours,

MELVILLE E. STONE,
General Manager.

I have received also the following letter, referred to the committee by Congressman Knapp, from Francis M. Hugo, secretary of the Remington-Martin Company, paper manufacturers at Watertown, N. Y., under date of April 25, 1908:

REMINGTON-MARTIN CO.,
Watertown, N. Y., April 25, 1908.

HON. CHAS. L. KNAPP,
Committee on Indian Affairs, Washington, D. C.

MY DEAR MR. KNAPP: In reference to the investigation now being conducted by the Congressional committee regarding the manufacture of paper, wood pulp, etc., the manufacturers of these commodities in this district are anxious to assist in any way possible in bringing before the committee the details of their business. The

Remington group of mills, comprising the Remington-Martin Co., the Raymondville Paper Company, Norwood Paper Company, and the Diana Paper Company, manufacture about 200 tons of print paper per day, and form the fourth largest concern making wood papers in the United States.

We shall be pleased to have the affairs of these companies investigated by the committee. We shall be glad to hear through you the wishes of the committee in regard to the matter.

Will you kindly let me know along what lines the investigation will be conducted; if hearings will be held in any other place besides Washington. I presume that the complainant, the American Publishers' Association, will be called upon to put in its case first and then the manufacturers will be invited to testify.

Yours, very truly,

FRANCIS M. HUGO.

I thought it might be desirable to put these things into the record for convenience of reference hereafter.

Now you may go ahead, Mr. Norris, whenever you are ready.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. In further reply to the questions, "Has your supply been shifted from one mill to another, or from one agency to another? If so, from what mill and agency, and to what mill and agency?"—

The CHAIRMAN. This is a continuation of the replies of this morning?

Mr. NORRIS. Yes; a continuation of the replies of this morning. [Reads:]

St. Joseph (Mo.) Gazette: We could have bought No. 2 from Little Falls, Minn., mill, at \$2.35 at mill in August, or from Manufacturers' Paper Company at same rate, latter to come from Merrill, Wis.

Los Angeles (Cal.) Examiner: As above stated, we have been getting paper from eastern mills, one being the St. Regis, at Carthage, N. Y. Some paper has no mill mark.

Atlanta (Ga.) Georgian and News: Bellows Falls shut down for five months. Supply for that time came from Fort Edwards mills.

Augusta (Ga.) Chronicle: Shipments made from several mills.

Evansville (Ind.) Courier: No; most of our supply has come from the West End Mill, Carthage, N. Y. An occasional car comes from Rhinelander, Wis., although our contract calls for eastern print.

Newark (Ohio) American Tribune: Yes; from West End Paper Company, Carthage, N. Y., to Rhinelander Paper Company, of Wisconsin.

Lynchburg (Va.) News and Advance: We formerly purchased from Smith, Dixon Co., Baltimore. We are now purchasing direct from International Paper Company.

Joliet (Ill.) Daily News: We have bought for several years through Robert Pilcher of this city. He secured our present contract after the old mill (Flambeau Company, Wisconsin) had turned us down.

Trenton (N. J.) Evening Times: Under Manufacturers' Paper Company contract May, 1907, have received paper from Raymondville Paper Company, Raymondville, N. Y., then West End Company, Carthage, then Remington Martin, Norfolk, then West End Paper Company, Carthage.

Los Angeles (Cal.) Record: Yes; from Consolidated W. P. & P. Co., Grand Rapids, Wis., to Nekocosa mill. All of General Paper Company.

Louisville (Ky.) Herald: Yes; Berlin people explain forced to go to market to supply demand.

Jackson (Miss.) Daily News: Yes; from Watertown, N. Y., mill to Brownsville N. Y., mill.

Now, as to the question [reads]—

(a) In soliciting quotations from paper agencies or mills, have you discovered that there has been an interchange of information among them respecting prices, or have they indicated that they knew of quotations made to you by other agencies or mills?

ANSWERS TO QUESTION N 1.

Montgomery (Ala.) Advertiser: No; but several letters all indicate over half cent advance.

Hartford (Conn.) Courant: The quotations seem to be very uniform.

Savannah (Ga.) Press: All have gone up suddenly in price.

Boise (Idaho) Evening Capital News: Coast mills are governed entirely by eastern prices; always make their price same as eastern, plus freight.

Aurora (Ill.) Daily News: They seemed to know positively that no better prices than theirs were to be had.

Chicago (Ill.) Daily Journal: In asking for quotations we feel sure that every mill quoting us knows the price which we have paid and which we are now paying to the Cheboygan Paper Company for our supply. We have not received uniform quotations from other agencies and mills, but every quotation has been at least \$2 a ton above the price we are paying.

Danville (Ill.) Commercial News: They seemed to know.

Peoria (Ill.) Herald-Transcript: Yes.

Evansville (Ind.) Journal News: Our information is that the dealers agree not to interfere with the customers of other dealers, and the mills protect them in this agreement.

Huntington (Ind.) Herald: Agree on prices, apparently.

Marion (Ind.) News-Tribune: We have been of the opinion that there was an agreement with some one else, as they were never able to answer us immediately.

Peru (Ind.) Journal: Yes.

Portland (Ind.) Commercial Review: Their prices are all about the same.

Clinton (Iowa) Herald: Could discover no such interchange; however, they were all united in a general advance in price. Mills short on contracts quoted slightly lower price than mills whose output was all contracted for.

Creston (Iowa) Advertiser-Gazette: All seemed to have some information.

Muskogee (Ind. T.) Daily Phoenix: Yes.

Hutchinson (Kans.) News: None, except they are generally the same price or very near to it.

Ottawa (Kans.) Daily Republic: Not exactly, but the uniformity of price and the fact that the rises occurred with all the houses simultaneously convinces me there was collusion.

Salina (Kans.) Journal: No; but their prices all corroborate. There seems to be an understanding.

Wichita (Kans.) Daily Beacon: Not for a year. A year and a half ago I had indisputable evidence that my business had been parceled out to one house and the other houses dared not make a competitive price.

Mr. MILLER. Who writes that?

Mr. NORRIS. The Wichita (Kans.) Daily Beacon. [Continues reading:]

Bath (Me.) Daily Times: Nothing definite disclosed except letter which we forwarded to Mr. Seitz a few years ago from C. H. Robinson Co., of Portland.

Portland (Me.) Argus: Think some understanding has been reached.

Lansing (Mich.) State Republican: No; but prices quoted by different selling houses indicate concerted action on the part of those controlling supplies.

Menominee (Mich.) Herald-Leader: All quoted alike. Every evidence of watching each other and customers' orders.

Sault Ste. Marie (Mich.) News: Yes.

St. Paul (Minn.) Dispatch: Certainly; every mill knows details of supposed competitors' contracts.

Joplin (Mo.) News-Herald: It has been plain to us in several instances that there was an understanding between selling agents as to prices.

Grand Island (Nebr.) Independent: Prices invariably the same excepting possibly one dealer, who is said to "have the territory."

Newark (N. J.) Sunday Call: I am sure Berlin Mills know what International and others are doing.

Paterson (N. J.) Guardian: There seems to be a uniform answer. Our product is sold up.

Hudson (N. Y.) Register: The quotations are always practically the same. Nothing further noticed.

New York City (N. Y.) Journal of Commerce: The Manufacturers' Paper Company were always going to quote, but never did. Always talked in same tone as letters herewith

New York City (N. Y.) Morning Telegraph: Yes.

Rochester (N. Y.) Herald: They all seem to know what is going on.

Syracuse (N. Y.) Journal: Our mill urged us to query other mills and then come back. We did. They seemed to know what would happen.

Syracuse (N. Y.) Post-Standard: The writer was absent from home among the outside paper mills for a period of one week, and before reaching home he had learned from paper-mill men doing business in New York that they were already informed of his recent presence in Wisconsin and in Canada.

Syracuse (N. Y.) Herald: Yes; each representative of mill seems to be very well posted on the movements and prices of other manufacturers.

Charlotte (N. C.) Observer: See inclosed correspondence with Berlin Mills Company.

Cleveland (Ohio) Press: We have not solicited quotations, but unsolicited information indicates thorough working agreements among mills and agents as to price.

Findlay (Ohio) Republican and Jeffersonian (and select list of Ohio daily newspapers): Have been unable to get quotations.

Guthrie (Okla.) Leader: Sure.

Allentown (Pa.) Morning Call: No; our contract was made so early in spring that we did not get more than the first shot of the increase.

Allentown (Pa.) Item: There seems to be an interchange among them of prices quoted. When we asked for price last week we were told to wait a week or ten days.

Bradford (Pa.) Evening Star: Not to our knowledge; in fact, D. L. Ward & Co., of Philadelphia, have endeavored to get our business away from the Cleveland people, but they have not quoted us as good a price.

Johnstown (Pa.) Democrat: We have gained the impression that there is a good understanding among all the paper men. One agency told me another would not quote me and I had this statement confirmed.

McKeesport (Pa.) Daily News: It appears that all are making about the same quotations.

Wilkes-Barre (Pa.) Leader: They all seem to know what the other fellow is quoting and laugh when you intimate a different figure.

Wilkes-Barre (Pa.) Times: Yes.

Anderson (S. C.) Daily Mail: Prices are uniform with one or two exceptions.

Pierre (S. Dak.) Capital-Journal: Seem to know general price.

Sioux Falls (S. Dak.) Daily Press: Last year it developed that an Omaha house was not allowed to sell print in this territory. Neither was a Chicago house.

THE CHAIRMAN. What territory is that?

MR. NORRIS. Sioux Falls, S. Dak. [Continues reading:]

Chattanooga (Tenn.) News: Fact that we were in market seemed to be known, as developments seemed to indicate.

Bristol (Va.-Tenn.) Herald-Courier: All quotations seemed to be known by all agents. All Louisville Paper Company quotations were lower than others, indicating that the territory was apportioned and Louisville Paper Company was being protected.

THE CHAIRMAN. Will you give us in that connection any idea you may have about the method of selling paper to these papers that answered this inquiry in reference to sales agents? It may be that you might not know anything about that, but if you do, we would be glad to have it.

MR. NORRIS. In a general way I do; that the larger contracts are made by the paper makers directly with the newspapers. Smaller customers are served through jobbing houses on a brokerage or commission basis, and it is to those brokers that many of these statements apply.

THE CHAIRMAN. You speak there constantly of their agents, referring to the sales agents?

MR. NORRIS. The International Paper Company, for instance, has sales agents in charge of particular territory to attend to all the supplies of paper in that district.

THE CHAIRMAN. Now, do they travel around from one place to another and interview the newspaper publishers? Is that the method they pursue?

Mr. NORRIS. I have been doing all my work in New York, and of my own knowledge I do not know that. My impression is that some of the mills, other than the International, have had their traveling men visit regularly customers to arrange for the renewal of contracts, and possibly with respect to matters of trade—with respect to matters of payment.

The CHAIRMAN. This was in my mind, Mr. Norris: You do not need to explain it now, but these answers seemed to indicate a number of different selling agents who had called upon these different publishers in a good many cases, the publishers saying that these agents all quoted the same price, or about the same price, for the purpose of showing that there was a combination controlling the price. What is the object of four or five or half a dozen different selling agents going to a town to see a newspaper publisher when it is settled in advance that only one of them can make the sale to him, and that the price is fixed?

Mr. NORRIS. It does not say that these men have come to them. They have written to these various jobbing houses in their territory.

The CHAIRMAN. You do not need to answer that. It may have been altogether by correspondence? You can answer as to that when you get ready.

Mr. NORRIS. I suppose the greater part of it was by correspondence, because the trend of these answers was that they were no longer consulted, and that the quotations were made only by one house, and that the visits which formerly had been frequent had stopped; that they had no visits from paper selling agencies for a period before this meeting and before these inquiries had been made. I recall that the Chicago Daily Journal referred specially to that in one of its answers. [Continues reading:]

La Crosse (Wis.) Leader-Press: All quotations this year were uniform with one exception, which was withdrawn before we had decided what to do about it.

Redlands (Cal.) Review: It has been perfectly apparent that agents on this coast act in collusion.

Riverside (Cal.) Enterprise: There is every indication of a combination and we do not obtain from one house a figure which is materially different from those of another.

Meriden (Conn.) Morning Record: Fact that other mills or agencies we have asked figures from all quote same as Finch, Pruyn & Co., of whom we are now buying, would indicate that something was up.

San Antonio (Tex.) Light: No; except by delay in quotation or in not making quotation.

Bakersfield (Cal.) Californian: Yes.

Stockton (Cal.) Daily Record: They all seem to know that they get uniform prices at the mills. Their quotations to us are infinitesimally close. The agents seem to have agreements in San Francisco, and there is some division of territory sometimes.

Norwich (Conn.) Bulletin: They seem to know each others' prices.

Springfield (Ill.) News: Yes; in one case we were informed that we had contracted with the Graham Company when we had not. Graham contract turned down at last moment, so information went out that we had contracted. We have this letter.

Evansville (Ind.) Courier: Yes; appearances indicate that quotations are made by various jobbing houses only after an agreement between the agencies.

Princeton (Ind.) Clarion-News: All quotations the same.

Minneapolis (Minn.) Journal: Only the fact the Northwest Paper Company, with whom we have made a contract ever since they started, refused to give us any quotations last summer.

Sedalia (Mo.) Democrat-Sentinel: None, except possibly the fact that those who quote us prices quote the same prices.

Albany (N. Y.) Argus: Yes; from correspondence received the indications were that they desired to apportion out the customers.

Salem (Oreg.) Capital Journal: Interchange of information evident.

Lynchburg (Va.) News and Advance: Before closing our last contract we believed there was an understanding between different mills. We had difficulty in obtaining quotations and there was only a small difference in price.

Seattle (Wash.) Times: Buy Canadian paper through Carpenter Paper Company only. Had no dealings with any other agency.

Trenton (N. J.) Evening Times: Indicated unity of action, advised that "we can not add to our tonnage," "make best terms possible with present mill," etc.

Sacramento (Cal.) Union: Yes.

Louisville (Ky.) Herald: It would appear so. The New York selling agents keep remarkably well informed.

Mr. STAFFORD. Can you advise the committee right there whether the manufacturers—whether you claim the manufacturers—apportion any part of the territory to the respective manufacturers throughout the country?

Mr. NORRIS. Our contention is that customers have been apportioned to particular mills. How that was arranged through brokerage houses we do not pretend to know, but the assumption is that the customers drawing from a particular mill at the inception of this arrangement continued with that mill, with very few exceptions, and that the mode of distribution through jobbing houses was continued as it was prior to the inception of this arrangement, with the few changes that appeared in the answers to questions read this morning.

Mr. STAFFORD. Do you furnish any specific testimony bearing that out, with respect to the practice you have just referred to?

Mr. NORRIS. I think you will find that the apportionment of customers to particular mills—

Mr. STAFFORD. Or the policy you have just referred to, of the purchasers of print paper being limited to certain manufacturers?

Mr. NORRIS. I had an experience of my own in that matter three years ago with respect to the Philadelphia Ledger, where the Philadelphia Ledger, when bought by Ochs, was buying paper from the International Paper Company. This, of course, is a matter of three or four years ago, but it merely illustrates the answer to your question. Mr. Ochs had previously bought the Philadelphia Times, which was buying its paper from the Great Northern Paper Company. When the two properties were consolidated the two supplies were continued substantially on the basis of the original arrangements, and when we tried to get quotations from either of them for more than the quantity which had been given, we could not do it.

Mr. STAFFORD. That is a specific instance. Do you know whether that practice has been general or not, or have you any testimony that you will present to the committee in support of that?

Mr. NORRIS. My impression is that it has been almost uniform, and this would indicate that they could not get it from any other company. There are three or four cases where specific evidence is given on that. One case I had in mind was that of W. H. Parsons & Co., where one newspaper was advised that it could only buy from that mill and only through one agent of that mill. [Continues reading;]

Owensboro (Ky.) Inquirer: Each one seems to know what every other seller does, and what every paper has done.

Burlington (Vt.) Press: Not this year. They have divided the field, and have to buy of one mill or go without.

Montgomery (Ala.) Advertiser: No; but several letters all indicate over half cent advance.

Peoria (Ill.) Journal: I think there was an interchange of information among the Chicago paper houses.

Jackson (Miss.) Daily News: Yes.

Now, as to the question, "Has anyone connected with the paper manufacturing told you that the mills had desired to ask a uniform price or had adopted an agreed scale? If so, give names and dates. What reasons were given for advancing prices?"

The CHAIRMAN. Read that over again, please.

Mr. NORRIS (reads):

(o) Has anyone connected with the paper manufacturing told you that the mills had desired to ask a uniform price or had adopted an agreed scale? If so, give names and dates. What reasons were given for advancing prices?

ANSWERS TO QUESTION O 1.

Montgomery (Ala.) Advertiser: No; and Mr. Payne told me that after International stockholders' meeting in October they would doubtless fix their prices for next year, which would influence other concerns.

The annual meeting of the International Paper Company occurs, I think, in October, at Corinth, N. Y. [Continues reading:]

Joliet (Ill.) Herald: Members of the Illinois Daily Press Association, as noted above. Ask E. E. Bartlett, Rockford, Ill., the president.

Clinton (Iowa) Herald: A paper salesman intimated that an agreement was in force, or soon to be in force, raising the price of paper, June or July. With St. Louis Paper Company.

New York City (N. Y.) Morning Telegraph: No; in visiting manufacturers and agents my representative assumed that a combine existed, and was not controverted.

Rochester (N. Y.) Evening Times: Mr. Mix, of St. Regis, said price quoted was the best I could get from any mill.

Johnstown (Pa.) Tribune: As above. Information from J. O. Deery, representing Place & Co.

Johnstown (Pa.) Democrat: Yes; Mr. Deery, representing Place, declared uniform prices had been established as result of increased cost of manufacture.

Wilkes-Barre (Pa.) Times: No one directly stated here there has been understanding as to price; different paper men with whom I conferred personally made clear to my mind that such is the case. Do not recall names; they were mostly the salesmen or the agents of the Berlin Mills Company.

Anderson (S. C.) Daily Mail: Richmond Paper Manufacturing Company told us on the 9th that prices had been fixed for another year, and there would be no further change.

Wheeling (W. Va.) News: Was told so in New York by J. C. Deery, who is connected with T. W. Filch & Co.

Chico (Cal.) Record: Dealers or jobbers declare their prices are governed by uniform raise by mills.

Wallace (Idaho) Press: Yes. Firm mentioned above intimated that Pacific Paper Company, of Portland, Oreg., had violated agreement in quoting rate six months in advance.

St. Joseph (Mo.) Gazette: No; but they were certainly uniform in August.

Taunton (Mass.) Gazette: Agent of International practically said uniform price had been agreed. Advance in cost of production.

Stockton (Cal.) Daily Record: No; but quotations seem to verify that. Reasons for advance in price given are increased cost of labor and material.

Evansville (Ind.) Courier: Yes; the representative of Graham Paper Company told the writer October 12 that when one mill advises his company of a change in price on print similar advice will be received within twenty-four hours or less from four or five other mills.

Albany (N. Y.) Argus: Yes; the International representative. From a conversation with him October 25 the inference was that a price had been agreed on.

Burlington (Vt.) Free Press: H. A. Sawyer & Co., Rutland, Vt., reported that there is an agreement on \$2.60 net. Nothing in writing, but a strong combination.

Montgomery (Ala.) Advertiser: No. Mr. Payne told me that after International stockholders' meeting in October they would doubtless fix their prices for next year, which would influence other concerns.

The next is. [Reads:]

Any other information that you may regard as helpful in equipping the committee for the common cause will be appreciated.

MISCELLANEOUS INFORMATION.

Montgomery (Ala.) Advertiser: My present price is \$2.20 delivered; freight rate 41 cents.

Denver (Col.) News-Times Publishing Company: We would say that we anticipate no difficulty in pledging at least one of our Senators and a majority of our Representatives in favor of action looking to the repeal of the tariff on paper, pulp, and wood, but our inquiries among and talks with a considerable number of people interested in the paper business lead us to believe that a movement is on foot, if not actually accomplished already to bring about an understanding between American manufacturers and Canadian manufacturers of paper by which a repeal of such tariff duties would have little, if any, appreciable effect on prices in this country.

Mr. STAFFORD. Who is that from?

Mr. NORRIS. The Denver (Col.) News-Times Publishing Company. [Continues reading:]

Hartford (Conn.) Globe: Gentlemen, replying to your circular letter, we would say that our experience with the paper people is somewhat peculiar and the inclosed sheet hardly does it justice if the questions are answered literally.

We had a contract with the Pejepscot Paper Company, of Brunswick, Me., an alleged independent mill combination consisting as near as we can learn of W. H. Parsons & Co., the Lisbon Falls Pulp and Paper Company, and the Pejepscot Paper Company, and we think a mill owned by some one by the name of Watrous. Our contract was made in December, 1905, for 90 tons per year for two years, with a 10 per cent leeway, up or down, at \$1.90 per hundred delivered in Hartford.

On the limitation of time this contract would have expired the last of this coming December. In August we wrote the mill asking about a renewal, when they advised us that we had already received 180 tons, and therefore had but 18 tons coming to us, and we would have to enter into a new contract immediately on the basis of \$2.40 f. o. b. Brunswick, Me., which was equivalent to \$2.57 f. o. b. Hartford, or an increase of 67 cents per hundred.

We never paid the slightest attention to their letter, but have since made a contract with the St. George Pulp and Paper Company, of Norwalk, Conn., at \$2.40 f. o. b. Hartford. The Pejepscot Paper Company have pounded pretty hard letters and have appeared rather anxious to land contract, but have shown no indication of a willingness to break the price, and on October 11 they finally withdrew the price.

Before our contract expired with Pejepscot—that is to say, last winter and spring—we were closely solicited by the Manufacturers Paper Company, of 32 Park Row, but when we advised them in August that we would talk with them they declined to quote prices.

New London (Conn.) Daily Globe: The paper that we used during 1906 and up to the summer of 1907 was purchased direct from the Norwood Paper Company, of Norwood, N. Y., at 2 cents f. o. b. New London, in carload lots.

September last we sought to place another order for a carload with the same company, and was informed that the price of paper having advanced, they would quote us a price of \$2.60.

We had just been visited by the representative of an eastern paper house, and he quoted a price of \$2.55, with a slight discount for quick payment.

Boise (Idaho) Statesman: The rate from Wisconsin to western coast is 75 cents; the coast mills add that amount to minimum price. although in region of lowest price timber in the world.

The CHAIRMAN. What is this?

Mr. NORRIS. The Boise (Idaho) Statesman. [Repeats, reading:]

The rate from Wisconsin to western coast is 75 cents; the coast mills add that amount to minimum price, although in region of lowest priced timber in the world.

The CHAIRMAN. They are not on the western coast.

Mr. NORRIS. No; but they all talk in Idaho as if they had a through rate, the same as though they were on the coast.

Mr. SIMS. Don't they pay the through rate plus the distance from the coast back?

Mr. NORRIS. That is possible. It has been done.

The CHAIRMAN. That is not the case in Idaho. You have not finished that?

Mr. NORRIS. I have finished the Boise, Idaho, item, but I have not finished this budget.

The CHAIRMAN. Will you repeat the Boise, Idaho, in full again?

Mr. NORRIS [repeats, reading]:

The rate from Wisconsin to western coast is 75 cents; the coast mills add that amount to minimum cost, although in region of lowest priced timber in the world.

The CHAIRMAN. Where is this?

Mr. NORRIS. It means the Pacific coast. It means Washington and Oregon and California.

The CHAIRMAN. Do you know whether that is good timber out there for paper making?

Mr. NORRIS. I know absolutely nothing about it.

Mr. SIMS. They added the full freight from Wisconsin to the coast. Don't they have to pay the freight back from the coast to the consumer?

Mr. NORRIS. I do not know anything about it except this statement, that 75 cents was added to the minimum price.

Mr. STAFFORD. What is the minimum price referred to?

Mr. NORRIS. It is about their price f. o. b. at the mills in Wisconsin—that is, the price at the mill plus the freight rate to the Pacific coast?

Mr. SIMS. And then the consumer would have to pay from the Pacific coast back to the place of consumption?

Mr. NORRIS. I judge from this that he would have to pay as if he were on the Pacific coast instead of in Idaho.

The CHAIRMAN. On the contrary, the freight rate to Idaho is higher than it is to the Pacific coast?

Mr. NORRIS. It is higher.

The CHAIRMAN. Yes. That is probably what he had reference to. The increase of the cost referred to there is the increased cost of the freight rate. I suppose the paper people have enough sins to answer for without answering for the sins of the railroads.

Mr. NORRIS. In other words, they buy at f. o. b. mill, and any other variation of price is due to the railroad manipulation of rates.

The CHAIRMAN. It might not always be; but in that case it would be affected by that.

Mr. MILLER. The through rate is to the Pacific coast, and then the local freight rate from the coast back to Idaho.

Mr. STAFFORD. That only goes to the extent of suggesting, if not proving, that the local mills on the Pacific coast have not a sufficient output to meet the local demands and have to get their supply from the interior, and naturally the freight rate is more or less in the nature of a tariff to that extent, enabling the Pacific coast producers to charge the minimum rate in Wisconsin plus the railway tariff rate.

Mr. NORRIS. I have some letters here from the Pacific coast papers which I will try to dig out and show to the committee, showing the treatment of the Pacific coast papers by the Pacific coast mills.

The CHAIRMAN. Yet you say we are short of water power in the country. The other day we passed through the House and through the Senate a bill creating an immense water power on the Snake River, out in Washington, which the President has announced to us he would veto. Why don't you go up and see the President and get him to let you establish a great water power out there and use up that enormous force you speak of and make print paper cheap?

Mr. NORRIS. Mr. Chairman, if you knew how your talk is music to me, you would appreciate some of the things you are saying. I am interested in developing a number of watersheds for the express purpose of stopping floods and equalizing river flow and developing potentialities that are now going to waste. I have my personal fortunes staked in those ventures.

The CHAIRMAN. We are told now by Mr. Gifford Pinchot, who in this matter speaks through the voice and tongue of the President of the United States, that there can be no development of water power in the country for some time to come.

Mr. NORRIS. Well, I do not know what the purpose of the Inland Waterways Commission is except for the creation of water-power development and the equalization of river flow.

The CHAIRMAN. If you do not know what the purpose of the Inland Waterways Commission is, I can tell you that the primary purpose of the one that is most active in connection with it is to draw salary.

Mr. NORRIS. I do not know who that is.

The CHAIRMAN. It is not the chairman.

Mr. SIMS. It strikes me that that answer as to Boise, Idaho, means to say that the price of paper is the price in Wisconsin, plus the freight to the coast—that is, the price of paper, and then the freight from there to the place of delivery necessarily must be added to the total cost of those supplies.

Mr. NORRIS. Probably this line of information explains that report of \$87 per ton cost of paper which one of the publications reported here the other day.

Mr. STAFFORD. Is that the instance in which you stated that there was an increase of 50 per cent in price?

Mr. NORRIS. No. I simply quoted what some paper had said. They did not indicate what their price had been or was. [Continues reading:]

Chicago (Ill.) Daily Journal: I would suggest that you take this matter up with the Bloomington Pantagraph, as they have recently had the price of their paper increased \$11.80 per ton. I am sure that Mr. Marquid, the manager of the paper, will do valuable work with the Congressmen in the central part of the State. We are still working with the Representatives from Illinois. The members of the Ways and Means Committee, however, are, in our opinion, the principal ones to be labored with.

There is a mass of information in these reports about Congressmen. The answers to our first question I have not incorporated or codified in this report.

The CHAIRMAN. If you should show, as a matter of codification, that every Member of Congress had answered affirmatively or negatively certain propositions to some constituents of his district, as his constituents, I do not think it would have any weight with anybody who knew about the game.

Mr. NORRIS. That is very interesting and informing to those who have not been in Washington.

The CHAIRMAN. Oh, no; it is just the same as newspaper men, although they may not have been in Washington.

Mr. NORRIS. You mean it can be denied the next day. The Congressman can deny it if he can catch the Speaker's eye. Some of them never do. [Continues reading:]

Taunton (Mass.) Herald-News: We have dealt with Riegel & Co. for a term of years. They furnish us with one grade of paper from W. H. Parson's Pejepscot Mills at Pejep-

Wood, Pa. Mr. A. B. Merrill, treasurer, told the writer that they would quote us prices that were lower than anyone else who undertook to supply paper that still would be refused.

This is the case I

St. Paul (Minn.) Democrat. The writer was in Omaha (Nebr.) where he had, but charged there being a more or less of the eastern territory.

Syracuse (N. Y.) Post-Standard. Paper-mill men are usually very accurately informed as to what is doing. But also the wood supply in this country is not so abundant as it was some time ago, and there would not be enough to supply the country at this time.

Pindley (Ohio) Commercial. We contacted a number of paper companies. We contacted a number of paper companies raised on us during the war.

Allentown (Pa.) Morning Call. A very good company. Johnston (Pa.) Morning Call. A very good company. Johnston (Pa.) Morning Call. A very good company.

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hard and fast combination among the manufacturers. He told me it would be useless for me to undertake to do business with the International from whom I am now getting my supply of paper. How he knew what the International would do he did not explain. I did not tell him more than that I had not gone to the International direct. I remarked that we expected to do business through the same channels as we had been for a number of years. He then said that the International would not accept my business, and that the man from whom I have been buying was out of it. If I bought paper I would be obliged to look elsewhere for it. He quoted a price which he would not guarantee to last very long. He told me I would make a mistake if I undertook to buy on the market as the mills had things better in hand than ever before, and that there would be no slump in the market as there was some years ago.

Pottsville (Pa.) Daily Republican: We have had quotations recently from the Antietam people of Hagerstown, Md., at exactly the same price, \$2.65, quoted us elsewhere, showing collusion.

Riverside (Cal.) Enterprise: As I have leisure, I will attempt to furnish you with copies of correspondence bearing upon the matter which you have in hand.

San Antonio (Tex.) Light: Our old contract at \$1.90 completed this month. Made new contract in August, one year, 18 cars to 20 cars, to be used in twelve months from November 1, 1907, at \$2.27, at Maine mills.

Seattle (Wash.) Times: We are using 10,000,000 pounds of white paper this calendar year, of which Willamette mills furnish 7,200,000 pounds and Canadian mills balance.

Montgomery (Ala.) Advertiser: My present price is \$2.20 delivered; freight rate, 41 cents.

Mr. SIMS. Mr. Norris, before you begin on some other line, I wish to ask if you know L. G. Fisher, president.

The CHAIRMAN. Of Chicago?

Mr. SIMS. I will ask you, Mr. Norris, to look at that article and see if you know that man whose name is signed there [submitting clipping from the Paper Trade Journal]?

Mr. NORRIS. I do not.

The CHAIRMAN. L. G. Fisher, of Chicago?

Mr. NORRIS. That gentleman was the president of the United Box Board, was he not?

The CHAIRMAN. I know him very well.

Mr. SIMS. Never mind; it is of no consequence.

Mr. NORRIS. Now, may I submit to the committee at this time a statement which purported to give the paper makers' side of the reasons for the advance in price? It is the most intelligible and succinct formulation of the causes named by any of the paper makers that I have seen thus far.

The CHAIRMAN. Will you submit that as a statement of your understanding about their side of the controversy?

Mr. NORRIS. Yes. That is what I understand. I present it in order to use it as a basis, as a punching bag, later on.

Mr. SIMS. I would like to hear it read, as I have not heard the pleadings on that side.

Mr. NORRIS. I can give just the extract from it as to the cause of higher prices.

Mr. MILLER. What is that?

Mr. NORRIS. It is a statement, printed in the New York Herald, of W. B. Dillon, vice-president of the Great Northern Paper Company.

Mr. MILLER. I have a copy of that.

The CHAIRMAN. I have not read it. Perhaps you had better read the whole article. You read well.

Mr. NORRIS. Shall I read the headlines, too?

The CHAIRMAN. Yes.

Mr. NORRIS [reads]:

FORESEES END OF 1-CENT PAPERS—WILLIAM B. DILLON BELIEVES ALTERED CONDITIONS MUST BE MET BY PUBLISHERS.

This is printed in a 3-cent paper, the New York Herald. [Continues reading:]

RAW MATERIALS HIGHER—MAKERS OF WHITE PAPER, HE SAYS, HAVE BEEN ABSORBING LOSSES ON LONG CONTRACTS—DUE TO NATURAL CONDITIONS—VICE-PRESIDENT OF GREAT NORTHERN COMPANY DEFINES CAUSES OF ADVANCE IN COST OF ITS PRODUCT.

That the increased cost of white paper, which is causing much discussion among publishers of 1-cent newspapers, is due solely to natural and logical causes and in no way to arbitrary action on the part of monopolistic interests was asserted yesterday by William B. Dillon, vice-president of the Great Northern Paper Company, who is recognized as among the foremost authorities on American paper manufacturing. In a statement to the Herald he discussed the entire problem in its many varied phases. This company is the largest single producer of paper in the world, except the International Paper Company with its more than a score of mills.

Mr. Dillon advanced the contention that, with the present trend of conditions, newspaper publishers should base the price of their publications on the cost of raw material used, just as does the manufacturer in any section of the industrial field. The newspaper publisher, he asserted, is literally a purveyor to the public in practically the same way as the proprietor of a general store or any dealer who sells wares that meet a public demand or necessity.

Under conditions which have been caused by the progress of recent years, Mr. Dillon believes that the day of cheap paper and of cheap newspapers is drawing to a close. For several years, he stated, paper makers have been absorbing losses on long contracts imposed by these altering conditions and methods. Now, however, the point has been reached where the paper manufacturer can not afford to assume these losses, and a readjustment in the field is necessary.

CAUSE OF HIGHER PRICES.

"The increased selling price of white paper," said Mr. Dillon, "is due solely to the demands of natural conditions. These altering conditions have affected practically every other field of supply and demand, as the people well know. A number of the foremost causes which have demanded this price advance may be briefly enumerated.

"First, cost of labor has increased. Wages paid now are much higher than a few years ago.

"Second, cost of obtaining pulp wood has increased. Land on which cutting rights could be procured for \$5 an acre eight or nine years ago now calls for \$10 an acre.

"Third, there is a great increase in the cost of maintaining cutting crews in the woods. At one time men could be hired for work in the forests at from \$15 to \$16 a week and board. Now they must be paid from \$30 to \$35 a week with their board provided. As to the food, there has been an increased cost, too. Bacon costs more. Cost of flour, molasses, and beans has gone up. This means a big item of additional expense.

"Fourth, the various mills are now required to use three shifts of men where formerly but two shifts were employed. In addition, we are required to assign more men than formerly to handle the paper-making machines, and this, too, with an advanced scale of wages in effect.

"Fifth, freight rates have advanced. There is no need of comment here. The general public, as well as the manufacturer and dealer, knows what this means.

"Sixth, warehouse charges have advanced. This has brought about another and important item of increased cost.

RESOURCES NOT WASTED.

"Of all the timber cut in this country less than 5 per cent is used in making wood pulp. The remainder, or 95 per cent, goes chiefly to the lumberman. The timber which we cut can, of course, be used for building as well as for pulp-making purposes. Therefore when the pulp maker and the lumberman are competing for cutting rights in any district the man who owns the acres in question naturally takes advantage of this competition and the price goes up. It is this condition which has advanced the cost of obtaining pulp wood.

"The company with which I am connected," continued Mr. Dillon, "owns 640,000 acres of timber land. Now, scientific investigation has shown that if timber is cut under the regulations and rules advanced by the Forestry Department at Washington, 1,000 acres will produce 1 ton of paper a day for—well, for eternity. Therefore if we had 450,000 acres of timber land we would be enabled to meet our present output of 450 tons of paper a day. So you can see we have a large margin beyond our actual requirements. We need not cut a single tree that is less than 12 inches in diameter breast high, as the Forestry Department recommends. I merely cite these figures as one example to disprove any charges that there has been a wanton waste of forest resources."

There has been much argument in various quarters that Congress should remove the duty on white paper from Canada, it being held that this would relieve conditions in the United States. Mr. Dillon believes such a step would bring no relief whatever.

CONDITIONS IN CANADA.

"Paper made in Canada approximates a volume but little in excess of the demand there," said he. "The price is only slightly below that here. There is now, of course, no duty on pulp wood imported from the Dominion. In Canada there is a widespread demand that the Canadian Parliament enact an export duty on pulp logs. The American paper maker is not getting raw material from Canada because his field of supply is exhausted. If such an export duty were imposed there it would merely mean that the cutting in American forests would be increased."

"Then, again, such a step on Canada's part would mean probably that American capital would cross the border and build its mills there, thus distributing its money through pay rolls in the Dominion rather than in the United States. That would not be a step of benefit to our own country and its people, I believe."

Mr. Dillon denied that arbitrary action through monopolistic control was in any way responsible for advanced prices. He said:

"I want to say that the Great Northern Paper Company stands utterly alone. It has no condition or working agreement with any other paper-making company in the world. Monopolistic influence has nothing to do with the advanced selling price. Increased cost of production is the sole factor which has brought this result."

PRICE OF NEWSPAPERS.

"I believe," concluded Mr. Dillon, "that instead of calling on Congress to remove the duty on white paper, the publishers of newspapers should assume the position of basing the selling price of their publications on the cost of raw material and manufacture involved. I believe that they stand on the same plane with any other purveyor who has goods to sell to the public and whose wares meet a public demand or necessity."

"We, too, should like to secure our sulphur supplies at half the present cost. We should like to be able to purchase our pulp wood at half its present price. We should like to find it possible to buy other raw material at prices greatly below the level now prevailing."

Mr. SIMS. Mr. Norris, isn't the trend of that article, at least in part, a contention that the removal of the tariff would not reduce the price of paper and pulp? In other words, that the advance is due to labor and due to increase in price of pulp wood, and increase in wages and other things than the tariff duty? Isn't that the trend of it?

Mr. NORRIS. I gather the trend is that if the tariff were repealed that the mills would go to Canada.

The CHAIRMAN. Not unless there was an export duty put on the Canada product. Of course that might follow the removal of the tariff, in which case undoubtedly they would put on an export duty; if we would take the duty off of wood pulp and then put on an export duty on pulp wood, there is no question, I suppose, the mills would go to Canada. But that is another proposition.

Mr. NORRIS. That is another proposition. That proposition is not pending anywhere, because the duty under the bill which is before the House would not go off of paper from a country which puts a duty on export logs.

Mr. MILLER. Under the Stevens bill?

Mr. NORRIS. Under the Stevens bill.

Mr. SIMS. But in assigning the cause of increase of price he assigns the increased cost of wages, showing an increase from \$14 or \$15 a week up to \$35 a week, and an increased price of pulp wood.

Mr. NORRIS. And freight.

Mr. SIMS. And freight rates. Sufficient, it seems to me, from that article, according to his contention, to establish the present prices without any reference to the duty. I was thinking, then, why does he object to the repeal of the duty if it would not affect the price?

Mr. NORRIS. I can not fathom the processes of that gentleman's mind. I can give you some information which may throw another light on various phases of that, and that is what I now propose to do.

Mr. STAFFORD. If you will let me interrupt right there. It is claimed by some of the manufacturers that the labor cost is higher here than in Canada. Wouldn't the Canadian mills get a differential to that extent?

Mr. SIMS. I wish to ask this question: Are these prices of labor which he says have gone up from \$14 or \$15 a week to \$35 a week referring entirely to weekly salaries?

Mr. NORRIS. That was with reference merely to the lumbermen out in the woods cutting the timber; not the men in the paper mills.

Mr. SIMS. I know; but does he refer to American timber cutters or to Canadian timber cutters, or both?

Mr. NORRIS. I assume that he referred to the timber cutters on the lands of the Great Northern Paper Company.

The CHAIRMAN. You say \$35 a week?

Mr. SIMS. \$14 or \$15 to \$35.

The CHAIRMAN. Thirty-five dollars a week for men back in the woods cutting logs?

Mr. SIMS. That is the way I read it.

The CHAIRMAN. If the report does not come any nearer to the facts in the other matters than in that, I think it must be a long ways off.

Mr. NORRIS. This purports to be Mr. Dillon's statement.

The CHAIRMAN. Thirty-five dollars a week for cutting logs is preposterous.

Mr. NORRIS. I will show you other preposterous features of that publication with the utmost delight.

Mr. STAFFORD. Proceed, Mr. Norris.

Mr. NORRIS. First with respect to the freight rates. I have here a report from the Interstate Commerce Commission replying to an inquiry of mine with respect to freight rates from various mills to various consuming points. This answer does not purport to cover all of the freight business of the paper mills, but it does cover the shipments from a number of large mills to the larger points of consumption. I will just submit this schedule of freight rates. It does not show any reductions in freight rates to justify any such statement as that.

The CHAIRMAN. Any increase?

Mr. NORRIS. I mean any increase to justify that.

The CHAIRMAN. There has been no claim of increase of freight rates. I am a member of the Committee of the House on Interstate Commerce that deals with that question, and for most of the winter, or a large share of it, I have been listening to statements from gen-

tleman who have been insisting that freight rates have been increased, but a good deal of that is on lumber and its products, and I have been inclined to think that they have been greatly exaggerated, which is usually the case.

Mr. NORRIS. From Mr. Dillon's mill to New York he ships about 200 tons a day. The rate October 29, 1902, still in force, names rates of 15 cents per 100 pounds via Portland and Maine Steamship Company.

The CHAIRMAN. That is not a railroad rate.

Mr. NORRIS. Partly rail and partly water route.

Mr. SIMS. There is no change since that?

Mr. NORRIS. It has not changed; no. I will give you something interesting on this particular matter before I leave that point.

Interstate Commerce Commission No. 429, effective April 21, 1906, and still in force, names rates of 19 cents, 20 cents, and 21 cents, respectively, via all rail to different New York Central Railroad and West Shore Railroad deliveries in New York.

Mr. STAFFORD. What is the date of this?

Mr. NORRIS. That was April 21, 1906.

Mr. STAFFORD. And still in force?

Mr. NORRIS. Still in force.

Mr. STAFFORD. When did you get this data?

Mr. NORRIS. January 18, 1908.

Millinockett, Me., to Philadelphia, Pa. Bangor and Aroostook Railroad tariff, Interstate Commerce Commission No. 308, effective October 25, 1901, and still in force, names rate of 17 cents per 100 pounds via Boston and Philadelphia Steamship Company.

Interstate Commerce Commission Nos. 336 and 337, both effective April 1, 1903, and both still in force, name rate of 19 cents per 100 pounds via Harlem River.

Rumford Falls, Me., to New York. Maine Central Railroad, Interstate Commerce Commission No. 1426, effective July 8, 1907, names rates of 19 cents, 20 cents, and 21 cents to various New York Central and West Shore Railroad deliveries, which rates are current in Interstate Commerce Commission No. 1653, effective November 11, 1907.

It is evident that this Rumford Falls rate does not cover any considerable period, because the other one is effective August 27, 1907, and one effective November 26, 1907. So that shows nothing.

Corinth, N. Y., to New York. Delaware and Hudson Company, Interstate Commerce Commission, No. 7665, effective July 1, 1906, and Interstate Commerce Commission Nos. 7976 and 7978, both effective November 2, 1906, and still in force, name rates of 13 cents, 14 cents, and 15 cents per 100 pounds to different deliveries in New York via South Schenectady and via Troy.

That was a reduction. I happen to know of that personally. The former rate was 15 cents; reduced to 13 cents.

Corinth, N. Y., to Philadelphia, Pa. Effective July 10, 1903, names rates of 17 cents per 100 pounds. Interstate Commerce Commission No. 6201, effective May 16, 1904, and still in force, authorizes sixth class, 15 cents per 100 pounds.

The CHAIRMAN. Is newspaper print sixth-class rate?

Mr. NORRIS. Apparently. This was an inquiry on that point, and I assume that it relates to that.

The CHAIRMAN. That would be in the official classification, probably?

Mr. NORRIS. I assume so; I do not know. This is an answer of the Interstate Commerce Commission to an inquiry as to the freight rates.

Mr. SIMS. On paper and pulp, or paper?

Mr. NORRIS. Rates on printing paper from and to various points. The heading reads: "The Interstate Commerce Commission. Letter of Mr. John Norris, business manager's office, the New York Times, New York City, dated January 3, 1907." That should be 1908. "Rates on printing paper from and to various points."

Fort Edward and Glens Falls, N. Y., to New York. Delaware and Hudson Company, Interstate Commerce Commission Nos. 7975 and 7977, both effective November 2, 1906, and still in force, name rates of 13 cents and 14 cents to various deliveries in New York via South Schenectady and via Troy.

The rate never was lower than that. That is not an increase, and my impression was it was a decrease from a rate of 15 cents prior to that time.

Chisholm Mills, Maine, to New York. Maine Central, Interstate Commerce Commission No. 1029, effective December 14, 1905, names rate of 16 cents per 100 pounds to various deliveries of New York Central and West Shore Railroad stations.

This rate changed in Interstate Commerce Commission No. 1051, effective February 1, 1906, to 18 cents, 19 cents, and 20 cents for various deliveries.

That is apparently an increase.

These rates current in Interstate Commerce Commission No. 1653, effective November 11, 1907.

Maine Central Railroad, effective August 31, 1904, names rate of 16 cents to pier 50, East River. This was canceled by Interstate Commerce Commission No. 1219, effective August 1, 1906, naming rate of 16½ cents to pier 50 and to Harlem River.

Rate changed in Interstate Commerce Commission No. 1427, effective January 11, 1907, to 16 cents per 100 pounds, which rate is still in force in Interstate Commerce Commission No. 1655, effective November 26, 1907.

Berlin, N. H., to Philadelphia, effective April 24, 1900, names rate of 22½ cents.

Interstate Commerce Commission No. 2656, effective March 31, 1902, reduces the rate to 17 cents, which rate is current in Interstate Commerce Commission No. 4127, effective December 19, 1904.

Berlin, N. H., to New York. Boston and Maine Railroad, Interstate Commerce Commission No. AGFA, names, effective October 14, 1896—twelve years ago—rate of 17 cents, effective to pier 50, East River.

This rate changed to 15 cents in GFA, Interstate Commerce Commission No. 4083, effective November 5, 1904, and still in force.

That is a reduction in 1904 from the freight rate of 1896.

Boston and Maine Railroad, Interstate Commerce Commission No. AGFA 44, effective July 27, 1906, names rates of 15 cents to pier 11, North River, via Metropolitan Steamship Company.

This rate is still in force in Interstate Commerce Commission GFA 5565, effective December 26, 1906.

Following is complete statement of that which has just been referred to:

INTERSTATE COMMERCE COMMISSION,
DIVISION OF RATES AND TRANSPORTATION,
Washington, January 18, 1908.

Referring to the accompanying letter of Mr. John Norris, business manager's office, the New York Times, New York City, dated January 3, 1907.

The rates quoted below, applying on printing paper, carloads, are as per tariffs on file with the Commission, specifically referred to herein:

Millinockett, Me., to New York, N. Y.—Interstate Commerce Commission No. 327, effective October 29, 1902, and still in force, names rate of 15 cents per 100 pounds, via Portland and Maine Steamship Company.

Interstate Commerce Commission No. 429, effective April 21, 1906, and still in force, names rates of 19 cents, 20 cents, and 21 cents, respectively, via all rail to different New York Central Railroad and West Shore Railroad deliveries in New York.

Millinockett, Me., to Philadelphia, Pa.—Bangor and Aroostook Railroad tariff, Interstate Commerce Commission No. 308, effective October 25, 1901, and still in force, names rate of 17 cents per 100 pounds, via Boston and Boston and Philadelphia Steamship Company.

Interstate Commerce Commission No. 336 and No. 337, both effective April 1, 1903, and both still in force, name rate of 19 cents per 100 pounds via Harlem River and Pennsylvania Railroad and via Central Railroad of New Jersey and Philadelphia and Reading Railroad, respectively.

Rumford Falls, Me., to New York.—Maine Central Railroad, Interstate Commerce Commission No. 1426, effective July 8, 1907, names rates of 19 cents, 20 cents, and 21 cents to various New York Central and West Shore Railroad deliveries, which rates are current in Interstate Commerce Commission No. 1653, effective November 11, 1907.

Maine Central Railroad tariff, Interstate Commerce Commission No. 1594, effective August 20, 1907, names rate of 17 cents to pier 50, East River, and Harlem River, which rate is current in Interstate Commerce Commission No. 1655, effective November 26, 1907.

Corinth, N. Y., to New York.—Delaware and Hudson Company, Interstate Commerce Commission No. 7665, effective July 1, 1906, and Interstate Commerce Commission Nos. 7976 and 7978, both effective November 2, 1906, and still in force, name rates of 13 cents, 14 cents, and 15 cents per 100 pounds to different deliveries in New York via South Schenectady and via Troy.

Corinth, N. Y., to Philadelphia, Pa.—Delaware and Hudson Company, Interstate Commerce Commission No. 5441, effective July 10, 1903, names rate of 17 cents per 100 pounds (fifth class, official classification).

Interstate Commerce Commission No. 6201, effective May 16, 1904, and still in force, authorizes sixth class, 15 cents per 100 pounds.

Fort Edward and Glens Falls, N. Y., to New York.—Delaware and Hudson Company, Interstate Commerce Commission Nos. 7975 and 7977, both effective November 2, 1906, and still in force, name rates of 13 cents and 14 cents to various deliveries in New York, via South Schenectady and via Troy.

Chisholm Mills, Me., to New York.—Maine Central, Interstate Commerce Commission No. 1029, effective December 14, 1905, names rate of 16 cents per 100 pounds to various deliveries of New York Central and West Shore Railroad stations.

This rate changed in Interstate Commerce Commission No. 1051, effective February 1, 1906, to 18 cents, 19 cents, and 20 cents for various deliveries.

These rates current in Interstate Commerce Commission No. 1653, effective November 11, 1907.

Maine Central Railroad, Interstate Commerce Commission No. 868, effective August 31, 1904, names rate of 16 cents to pier 50, East River.

This was canceled by Interstate Commerce Commission No. 1219, effective August 1, 1906, naming rate of 16½ cents to pier 50 and to Harlem River.

Rate changed in Interstate Commerce Commission No. 1427, effective January 11, 1907, to 16 cents per 100 pounds, which rate is still in force in Interstate Commerce Commission No. 1655, effective November 26, 1907.

Berlin, N. H., to Philadelphia, Pa.—Boston and Maine Railroad Interstate Commerce Commission No. 1752½, effective April 24, 1900, names rate of 22½ cents.

Interstate Commerce Commission No. 2656, effective March 31, 1902 reduces the rate to 17 cents, which rate is current in Interstate Commerce Commission No. 4127, effective December 19, 1904

Berlin, N. H., to New York.—Boston and Maine Railroad, Interstate Commerce Commission No. AGFA 73, names, effective October 14, 1896, rate of 17 cents to pier 50, East River, via New York, New Haven and Hartford Railroad.

This rate changed to 15 cents in GFA, Interstate Commerce Commission No. 4083, effective November 5, 1904, and still in force.

Boston and Maine Railroad, Interstate Commerce Commission No. AGFA 44, effective July 27, 1896, names rate of 15 cents to pier 11, North River, via Metropolitan Steamship Company.

This rate is still in force in Interstate Commerce Commission GFA No. 5565, effective December 26, 1906.

Respectfully submitted.

J. M. SMITH, *Auditor.*

The only increase in freight rates that I know of other than this is one which Mr. Dillon made under circumstances which have been investigated by the Interstate Commerce Commission, and under circumstances concerning which you can get from the Interstate Commerce Commission—the original records, which were stored away in readiness for a possible call.

The CHAIRMAN. The original records of what?

Mr. NORRIS. Of this particular transaction, where Mr. Dillon raised freight rates fixed by law. The Philadelphia Ledger—

The CHAIRMAN. There are no freight rates fixed by law.

Mr. NORRIS. Well, fixed in pursuance of law, or fixed as a result of the law.

The CHAIRMAN. Well, how could he fix freight rates?

Mr. NORRIS. Well, I will show you how Mr. Dillon raised freight rates. This is an instance that we give of Mr. Dillon's complaint that freight rates have been raised.

The CHAIRMAN. Unless Mr. Dillon owns the railroad I fail to see how he can fix freight rates.

Mr. NORRIS. Mr. Dillon conspired with a jobber to raise the rates on the Great Northern mill to Philadelphia from 17 cents to 21 cents under these circumstances:

When the New York Times bought from the Great Northern it also bought for the Philadelphia Ledger, the stipulation being that the Philadelphia Ledger would pay the same price as the New York Times, plus the difference in its freight rate, so that it differed from all other deliveries in that the freight rate to Philadelphia, the excess of freight rate from the mills to Philadelphia, as compared with the freight rate from the mills to New York was a factor in the price of the Philadelphia Ledger supply. The freight rate from the mills to New York was 15 cents. The freight rate from the mills to Philadelphia was 17 cents. After the lapse of a short interval the Philadelphia Ledger was notified that the freight rate had been increased from the mill to Philadelphia from 17 cents to 21 cents. The Philadelphia Ledger protested to the Boston and Philadelphia Steamship Company against the increase, but the steamship company insisted upon the payment of the freight, the arrangement being that the Philadelphia Ledger paid the freight rate to the steamship company, and in making settlement with the steamship company it would make deductions for the amount. It would pay the freight and then take credit from the Great Northern for the amount to New York, so that it would pay the difference in the rate, 6 cents a hundred pounds, between the New York rate and the Philadelphia

rate. As that rate was about to expire—in fact, after it had expired, and before settlements were made—

The CHAIRMAN. When was this, Mr. Norris?

Mr. NORRIS. This covered a period up to March, 1905; I mean the freight rate. This process continued for a period of years up to March, 1905. After the contract had expired and before settlements were made, we notified Mr. Dillon that there had been an overcharge, and we demanded a reduction on the amount which the Philadelphia Ledger had paid for freight, and a rebate of 2 cents per 100 pounds was allowed or was credited. The Great Northern Company stated that it would allow to the Philadelphia Ledger \$1,663 on account of the overcharge. That put us on notice that there had been an overcharge, and we applied to the Interstate Commerce Commission for the rate from the mill to Philadelphia, and we found that the rate from the mill to Philadelphia via the Boston and Philadelphia Steamship Line was 17 cents per 100 pounds, and had been in all of that interval. The officers of the Interstate Commerce Commission were then invoked to make inquiry of these companies as to the process by which they had charged the Philadelphia Ledger 21 cents when the rate was 17 cents, and they could get no information.

Subsequently the Boston and Philadelphia Steamship Company changed hands, passing to the ownership of Mr. Morris, and the Interstate Commerce Commission asked the new ownership for access to these records, and in those records there was disclosed the directions from Mr. Dillon to the freight agent of the steamship company to arbitrarily raise the price on all Philadelphia shipments from his mill to 21 cents, and every paper in Philadelphia was so charged, and there was an aggregate paid of \$17,000 on the excess freight rates. But as the Great Northern Company was itself paying for the freight to the other customers in Philadelphia, it made no difference. But the effect of that arrangement—to call it by a mild term—was to take from the Philadelphia Ledger \$3,300.

As soon as the attention of the Great Northern Paper Company was called to the fact that it had overcharged, not sixteen hundred and odd dollars, but thirty-three hundred and odd dollars, and that it had exceeded the interstate commerce rate, it sent a credit for what it called rebates on freight for an additional sixteen hundred and odd dollars. The instructions from Mr. Dillon to the steamship company, the advices by which they arbitrarily overcharged or increased the rate to a customer, are accessible to you. That is merely an incident of Mr. Dillon's—

The CHAIRMAN. You say they are accessible to us. Of course, we are not personally interested in it.

Mr. NORRIS. Not at all.

The CHAIRMAN. Your company is. You are aware that every time they made this charge they were both subject to a fine of a thousand dollars. The Interstate Commerce Commission is also aware of that fact. What did you do toward bringing this to the attention of the United States courts or the district attorney?

Mr. NORRIS. We exercised diligence. We went to the Interstate Commerce Commission with the facts, and the Interstate Commerce Commission investigated it. The Interstate Commerce Commission took the matter to the Department of Justice. The Department of

Justice studied the matter for a long time. No final action was taken. A technical point was raised, of this character, that inasmuch as the rate on the steamship line had been one that had not been concurred in—I think that was the phrase—prior to 1906, they doubted whether a criminal indictment would hold.

The CHAIRMAN. Did it go to the Department of Justice?

Mr. NORRIS. What is that?

The CHAIRMAN. Did this matter go to the Department of Justice?

Mr. NORRIS. It did; so the Interstate Commerce Commission tell me. They also said that there was no question; they had the evidence absolutely to a moral certainty of an overcharge by the steamship company and the paper company, the passing of the claims, the interchange of correspondence, my letters to the steamship company calling their attention to this matter, and asking them if it did not have ugly phases, whether it did not deserve an explanation, and we find the correspondence passing between the general freight agent and the paper company calling attention to the fact that this man Norris is getting ugly, and we must have some answer on this point.

The CHAIRMAN. Now, I happen to have had charge in the House of Representatives of the antirebate bill, which became a law, and which provides a very severe penalty for any device whatever under which a rebate is received, in transactions such as you have narrated, if you have stated the facts exactly as they occurred, from a legal point of view. What object is there in passing laws? Why don't you divert your attention to the administrative end of the Government, instead of wanting more laws passed which will not be enforced?

Mr. NORRIS. If you will remove some of the troubles which publishers have in getting out their papers by letting them enjoy a certain amount of prosperity, they will concentrate on the—

The CHAIRMAN. How much does your paper make clear profit a year?

Mr. NORRIS. Well, I do not think that is a fair question.

The CHAIRMAN. It is, since you say you want more prosperity.

Mr. NORRIS. I am not talking of the New York Times; we are exceedingly prosperous.

The CHAIRMAN. That may be an impertinent question.

Mr. NORRIS. We will submit to you evidence of newspapers which by reason of these raises in price have had every dollar of their profits confiscated and put into the pockets of the paper companies.

Mr. SIMS. The increased rates on materials have not yet reached the New York Times by reason of their existing contracts, so their prosperity has not been hit?

Mr. NORRIS. That is true.

Mr. SIMS. I want to ask this question: Did Mr. Dillon receive from this transportation company the difference between the actual freight rate and that which was collected from the Philadelphia Ledger?

Mr. NORRIS. He not only received that, but he received an aggregate of \$17,000, of which \$14,000 was a mere wash, a mere passing of accounts, in order that it might cover up that appropriation of that overcharge of \$3,300 to the Philadelphia Ledger.

The CHAIRMAN. Notwithstanding all that, and notwithstanding the law on the subject—for all Congress can do is to enact laws, Congress does not enforce laws—neither you nor the Department of Justice, nor anybody else connected with the administrative branch

of the Government have endeavored, apparently, to enforce the law applicable in this case?

Mr. NORRIS. "Shake not thy gory locks at me." I went to Washington.

The CHAIRMAN. All you did was to call the attention of the Interstate Commerce Commission to it. It is not their business to enforce the criminal laws.

Mr. NORRIS. I used more than diligence; I used persistence in the matter, without success.

Mr. SIMS. It is a fact that all these facts were laid before the Department of Justice at Washington?

Mr. NORRIS. So they tell me in the Interstate Commerce Commission Office.

Mr. SIMS. The Interstate Commerce Commission informed you of this action, that it had been turned over to the Department of Justice?

Mr. NORRIS. That is true.

The CHAIRMAN. Did you ever interview the Department of Justice on the subject?

Mr. NORRIS. I did not. When a representative of the Interstate Commerce Commission came to see me, first in New York, and followed me to Atlantic City, to convey this information to me, I thought that there had been diligence shown on its part to give me that information.

The CHAIRMAN. That was a very comfortable place to convey information.

Mr. NORRIS. It happened to be that the time was approaching when the statute of limitations would run out.

Mr. SIMS. Do you know yourself what reasons were assigned by the Department of Justice for not prosecuting?

Mr. NORRIS. I only know that which was told to me by the agent of the Interstate Commerce Commission.

Mr. SIMS. By the agent?

Mr. NORRIS. By an attorney; he was an officer or a representative of the Interstate Commerce Commission, Mr. Markle.

Mr. SIMS. Can you remember well enough to state what were the reasons that he gave that he said had been given by the Department of Justice for failing to prosecute?

Mr. NORRIS. Well, I hesitate to attempt to give it accurately, but my impression is that the statement was based on this fact, that in September, 1906, or about that time, the steamship lines, the water routes, raised a question as to the application of the interstate-commerce law to water routes, water transportation, and about that time, that is, September, 1906, they agreed to submit to concurring rates without prejudice to any of their rights in the premises. Now, the point made, as I understood it, was that as the previous rate had been sent to the Department without concurrence—I was not quite clear as to just what that meant—that there was a question whether an indictment could lie against individuals who participated in that performance.

The CHAIRMAN. Was this shipment by one company?

Mr. NORRIS. No; it was by the Bangor and Aroostook to Aroostook, and the Boston and Maine from there to Boston, and the Boston and Philadelphia Steamship Company to Philadelphia. The rail part of the route was always the same. There was no change,

no effect on the rates. That is, the facts appeared to disclose that the railroad company obtained exactly what it had paid; but the steamship company, at the suggestion of Mr. Dillon, had deliberately added 4 cents a hundred, 80 cents a ton, to every ton that was shipped to the Philadelphia Ledger and handed it over to the Great Northern Paper Company.

Mr. SIMS. Does Mr. Dillon deny that he has done that sort of thing?

Mr. NORRIS. I have not asked Mr. Dillon about it. I simply know that the Great Northern Paper Company, as soon as its attention was called to it, advised us that it had credited our account with rebate on freight.

The CHAIRMAN. Well, I should say very likely under the law and under the circumstances there may have been no violation of the law. We made some corrections on that point. There were several changes made. I understood you to say first this was all one line.

Mr. SIMS. Well, then, after all it was simply a scheme of Mr. Dillon's to get more for his paper than he agreed to take?

Mr. NORRIS. That is right, to get 4 cents a hundred pounds more than he agreed to take.

Mr. SIMS. And was a piece of fraud and rascality to say the least?

Mr. NORRIS. Use any term you please.

Mr. SIMS. I am speaking of it from the evidence the witness has just given.

Mr. MILLER. He assigns as a reason for the high price of paper the high price of freight?

Mr. NORRIS. That is it; that is one of Mr. Dillon's reasons.

Mr. SIMS. In other words, it was not a genuine increase of rates, but a collusive increase?

Mr. NORRIS. It may be impossible for Mr. Dillon to show any increases in freight rates that have any more basis than that.

The CHAIRMAN. Is that all of the freight matter?

Mr. NORRIS. That is all on the matter of freight.

The CHAIRMAN. How extensive were those cases you have enumerated about freight? Did they go outside of New England, New York, and Pennsylvania, in a general way?

Mr. NORRIS. In a general way it was from New England to New York and Pennsylvania. It did not affect the West at all. It was with the matters with which I had special concern.

The CHAIRMAN. I really do not know whether you enumerated all the cases.

Mr. NORRIS. I have enumerated all. I submit a list of representatives of news-print mills that I had promised the committee that I would furnish. This does not relate to the western mills. I will make an effort to get that for the committee.

The list furnished by Mr. Norris is as follows:

REPRESENTATIVES OF NEWS-PRINT MILLS.

C. R. Remington, H. G. Aldrich, Aldrich Paper Company, Natural Dam, St. Lawrence County, N. Y.

J. A. Outterson, Malone Paper Company, Malone, N. Y.; Champion Paper Company, Carthage, N. Y.; Leray Paper Company and West End Paper Company, Carthage, N. Y.; De Grasse Paper Company, Pyrites, N. Y. (all these in the Outterson group).

George C. Sherman, Watertown, N. Y., representing St. Regis and Gould mills.

Charles H. Remington, Raymondville, N. Y., head of the Raymondville Paper Company.

C. R. Remington and Charles H. Remington, Remington & Martin Co., Watertown, N. Y.

A. C. Hastings, Cliff Paper Company, Niagara Falls, N. Y.

International Paper Company, 30 Broad street, New York (A. N. Burbank, president, T. T. Waller, George W. Underwood, Chester W. Lyman).

Col. A. G. Paine, Old Times Building, representing the Dalton and Henry mills, located, respectively, at Fitzdale, Vt., and Lincoln, N. Y.

John A. Davis, 261 Broadway, New York City, manager of the St. Croix Paper Company, formerly salesman for the General Paper Company.

James T. Mix, 261 Broadway, New York City, associated with Davis and representing the St. Regis-Remington group.

H. G. Craig, 261 Broadway, New York City, with the two others, control the independent mills, so called. This much, the head center of the scheme.

David S. Cowles, head of the Pejepecot and W. H. Parsons Company, Brunswick, Me., and president of the American Pulp and Paper Association, 66 Broadway, New York City.

William B. Dillon, Great Northern Paper Company, 51 Wall street, New York City.

K. B. Fullerton, Manufacturers' Paper Company, Old Times Building, New York City.

William W. Brown, Berlin Mills Company, Berlin, N. H., office 404 Commercial street, Portland, Me.

The CHAIRMAN. What do you mean by the representatives of the news-print companies?

Mr. NORRIS. These are the selling agents of the various news-print mills in the East, with an output substantially of 2,800 tons a day.

The CHAIRMAN. How do these selling agents conduct their business, Mr. Norris; how is the business done? Just state briefly for our information.

Mr. NORRIS. Well, some of these representatives on this list are the companies themselves. For instance, here is the International Paper Company, which sells its own paper. Mr. Dillon is the vice-president of the Great Northern Paper Company, and he sells the paper of the Great Northern.

The CHAIRMAN. Let me ask you a question. You have on this list George C. Sherman, Watertown, N. Y. That is his address, I suppose. He is given as representing the St. Regis and Gould mill. Now, is it your claim that all of the paper made by these mills is sold through Mr. Sherman?

Mr. NORRIS. No; this is the statement of the representatives of the mills, some of which are sold through selling agents and some of which are sold directly by the mills.

The CHAIRMAN. I do not quite understand what you mean by the representatives of the news-print mills. Are these officers of the mills?

Mr. NORRIS. Yes, sir; these are substantially the general managers; what would correspond more or less to the general managers of those properties with respect to the sales of the paper.

The CHAIRMAN. They are at the places where the mills are located?

Mr. NORRIS. No; the Great Northern representative as to sales is located in New York. The International main office is in New York.

The CHAIRMAN. These are the managers of the mills as to the sale of the paper; is that it?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Suppose someone here would write to the Cliff Paper Company, at Niagara Falls, N. Y., would that letter be turned over to Mr. A. C. Hastings?

Mr. NORRIS. I assume that it would.

The CHAIRMAN. I mean would it ordinarily?

Mr. NORRIS. Some of the Cliff Paper Company product is sold directly, and some of it has been sold through H. G. Craig & Company.

The CHAIRMAN. You say H. G. Craig, 261 Broadway, New York City, with two others control the "independent mills, so called." What are the "independent mills, so called?"

Mr. NORRIS. There is a list of mills which I will furnish to the committee. I have it here. The St. Regis and a number of smaller mills have been more or less disturbers in the price market in this way, that a comparatively small mill with a small product would go into the market, and with 500 tons available for sale could hammer the price of 20,000 tons of output by going from office to office and offering that particular output at a price lower than the prices paid by the publishers, which would result not in the purchase of the paper by publishers but in the complaint of publishers to the company furnishing them that the market was lower than the newspaper was paying to the mill, and it would force a reduction in price of a considerable quantity of paper without placing that particular product on the market at all. A man buying 6,000 tons per annum getting an offer on 500 tons at a considerable reduction in price would appeal to his paper company and secure a reduction substantially on all of its output.

It was like a floating iceberg in the market, affecting vast quantities of paper with a very small article. The gathering together of these small mills into one agency had the effect of stopping that kind of offering and that cutting of prices.

Mr. STAFFORD. For what length of time was that character of practice carried on?

Mr. NORRIS. The former, or the present?

Mr. STAFFORD. The former.

Mr. NORRIS. It prevailed for years, more or less, and it was not until John A. Davis came from the West and gradually brought those smaller mills under one selling agency that the effect of the combination or agreement became manifest.

Mr. STAFFORD. At what time do you claim that the smaller mills combined so as to no longer disturb the market?

Mr. NORRIS. We do not know when this became effective. It would only become evident from time to time as customers' contracts were expiring and they would make inquiries for new prices. But the salesmen of the paper companies were giving intimations of it as early as October, 1906; that is, that there would be an advance in prices in the following year, anticipating what subsequently came on schedule.

The CHAIRMAN. You have a list there of the selling agents, if that is what you call them—the representatives of the mills in New England, New York, and Pennsylvania?

Mr. NORRIS. Not in Pennsylvania.

The CHAIRMAN. New England and New York?

Mr. NORRIS. That is right.

The CHAIRMAN. Not any farther west?

Mr. NORRIS. Except—

The CHAIRMAN. You never mention any mills in the South; are there any mills in the South?

Mr. NORRIS. There are, I think, one or two, some few mills which make news print paper. I have a list.

The CHAIRMAN. A Member of the House was in here this afternoon from North Carolina, and he stated that his district had the largest paper mill in the United States.

Mr. NORRIS. News print paper?

The CHAIRMAN. Well, that is what he said.

Mr. NORRIS. What State?

The CHAIRMAN. North Carolina. I thought possibly he might be mistaken, but I did not know.

Mr. NORRIS. Well, we have not heard of it yet.

The CHAIRMAN. Perhaps there are others?

Mr. NORRIS. I did not see it in the directory list of paper mills in the United States. I have here a list of paper mills taken from the directory, but it includes many names of folks who are merely selling agents at the most, and some who are not even selling agents, that we know of, but who buy old newspapers.

Mr. STAFFORD. I call your attention, Mr. Norris, to page 140 of Lockwood's Directory of 1908, in which, under North Carolina, it gives two mills—one at Canton, with an output of soda fiber, 250,000 pounds, and sulphite fiber, 200,000 pounds, in twenty-four hours; also at Newbern, in the same State, soda and sulphate fibers, capacity of 50,000 pounds in twenty-four hours.

Roanoke Rapids, in Halifax County, with two mills, one the Roanoke Fiber Board Company, with a capacity of 40,000 pounds of paper and 25,000 pounds of ground wood every twenty-four hours.

The Roanoke Rapids Paper Manufacturing Company, with a capacity of 36,000 pounds of ground wood and 40,000 pounds of butcher's manila and fiber every twenty-four hours.

Mr. NORRIS. Is there anyone that has any capacity for news print paper? They all say soda pulp or sulphite pulp, or ground wood for butchers' manila or fiber board, do they not?

Mr. STAFFORD. Well, it does not state what the soda fiber might be used for, or the sulphite fiber.

Mr. NORRIS. The sulphite fiber may be used for any number of purposes. The sulphite fiber is a component, a one-fifth part of the news print paper, but it is not all converted into news print paper, and it may be used for any number of other kinds of paper. I think I explained to the committee that sulphite pulp was used for making news, that it is the strengthening mixture giving character to the news print paper.

The CHAIRMAN. It is the long fiber that goes into it to hold the rest of it?

Mr. NORRIS. That is right. And the ground wood is an adulterant or dilutant of it.

The CHAIRMAN. Yes; and if one of my best friends, Doctor Wiley, had been in autocratic power when ground wood first came into existence it would have been banished as an adulterant; it would never have gotten a foothold.

Mr. NORRIS. And you would not have had any 1-cent newspapers, possibly.

The CHAIRMAN. No; probably not. I do not think that would have caused any tears.

Mr. NORRIS. Mr. Payne said that one time, and I think there was a howl all over the country.

The CHAIRMAN. I did not mean that. I think the 1-cent newspapers have been of great value.

Mr. NORRIS. My impression is that we have 1-cent newspapers that are better than any of the 3-cent papers. I have a personal view on that point.

I also submit, as I stated to the committee that I would, a memorandum covering substantially the output of the news print mills in the East and an estimate on the western mills.

The statement is as follows:

<i>Daily output of news print mills.</i>		Tons.
New York:		
St. Regis Paper Company.....		130
Taggart's Paper Company.....		30
Finch, Pruyn & Co.....		60
Gould Paper Company.....		35
Malone Paper Company.....		25
Cliff Paper Company.....		40
Pettebone Cataract Paper Company.....		30
High Falls Paper Company.....		30
Remington Martin Company.....		60
Norwood Paper Company.....		30
Raymondville Paper Company.....		70
Schroon River Pulp and Paper Company.....		20
Natural Dam.....		30
Oswego Falls.....		50
West End.....		30
New Hampshire, Berlin Mills Company.....		215
Vermont, Dalton.....		32
Maine:		
Great Northern Paper Company.....		450
Bowdoin Paper Manufacturing Company.....		35
Pejepscot Paper Company.....		75
Lisbon Falls Paper Company.....		50
St. Croix Paper Company.....		80
Total.....		1,607
International.....		1,200
		2,807
Western mills (estimated).....		800
		3,607

The CHAIRMAN. That is your estimate of the output of news print paper?

Mr. NORRIS. The daily output—my approximation. I do not attempt to give it accurately, and it is based largely upon trade reports.

The CHAIRMAN. This is itemized for New York, New Hampshire, Vermont, and Maine.

Mr. NORRIS. And a group of western mills at the bottom?

The CHAIRMAN. Yes; that is not itemized; making 1,670 tons a day outside of the International; including the International—you figure the International at 1,200 tons a day?

Mr. NORRIS. That is right.

The CHAIRMAN. Has the International any mills except those given?

Mr. NORRIS. No, sir.

The CHAIRMAN. That would make a total for those four States of 2,807 tons a day. Then, you figure the western mills at 800 tons a

day, a total of 3,607 tons a day. Do you think this estimate fairly represents the output as of to-day? Is it supposed to be full capacity or what?

Mr. NORRIS. As of to-day, under the abnormal conditions of the last three months, it is materially in excess of the output, but if—

The CHAIRMAN. I mean, is it supposed to be the full capacity of these mills—that is, of to-day?

Mr. NORRIS. The full capacity of these mills as of to-day?

The CHAIRMAN. That is, the ordinary full capacity?

Mr. NORRIS. It is what aims to be a conservative estimate of that. Mr. Burbank, who is much better qualified to speak on that subject, being president of the International Company, has been quoted in an interview as stating that the output was between 4,000 and 5,000 tons a day.

The CHAIRMAN. Can you make an estimate on the western mills? Do you include any mills except those in Michigan, Wisconsin, and Minnesota?

Mr. NORRIS. Michigan, Wisconsin, and Minnesota are substantially the ones to which I have reference. Those on the Pacific coast or those in the South, which may make paper, I have not taken into consideration in that.

The CHAIRMAN. Are there any in the States just west of the Mississippi or in the Rocky Mountain States?

Mr. NORRIS. No; because the location of news print paper mills is controlled almost entirely by proximity to spruce woods.

The CHAIRMAN. I know; but are there any there? If there are any, you have not taken them into consideration?

Mr. NORRIS. I have not taken them into consideration.

The CHAIRMAN. That is what I want to get at.

Mr. NORRIS. Now, let me make another explanation which will qualify that estimate. There are many mills which make book and make manila which can make news, and which, if opportunity offers and prices are attractive, will make the news—not all of them, but there are some which upon occasion do produce news—but they are not considered or referred to in this calculation.

The CHAIRMAN. Can they make the two qualities of paper without difficulty upon the same machinery?

Mr. NORRIS. I do not know just how that is done. I simply know that I have bought news from a mill located in Philadelphia, which was entirely outside of the territory which was supposed to be assigned to news print mills.

The CHAIRMAN. Mr. Norris, upon what do you base your estimate of this capacity of these different mills, respectively; how do you get at it?

Mr. NORRIS. Partly on paper trade directories—largely on paper trade directories—and as I stated the other day, partly on information which Mr. Tirrell had given in the House.

The CHAIRMAN. Do the paper trade directories differentiate between news print paper and book paper?

Mr. NORRIS. Oh, yes.

The CHAIRMAN. In giving the capacity of the mills?

Mr. NORRIS. Oh, yes; you take the State of Maine or the State of New York, and go through Lockwood's Directory; look, for instance, at Glens Falls, or Fort Edward, or Corinth, Saratoga County, and

you will see the form which they follow. The directories undertake to give the number of paper-making machines, and the number of pulp grinders, and the quantity of output of various articles.

The CHAIRMAN. I am just looking at random. Take the St. Regis Paper Company first, to which I turn. Under the name of the St. Regis Paper Company they give the item news—meaning, of course, news print paper?

Mr. NORRIS. That is right.

The CHAIRMAN. Two hundred and seventy thousand pounds in twenty-four hours. That seems to be plain enough in that particular case. But I happen to notice over on the other page here, Taggart's Paper Company office, Watertown, news and colored poster 60,000 pounds, twenty-four hours.

Mr. NORRIS. That means that they can shift from news to hanging papers; there are various uses to which they can put their paper-making machines.

The CHAIRMAN. It might mean that they could shift, or it might mean that they have certain machines for making news paper and certain other machines for making colored posters; that would seem to me more reasonable, not knowing anything about that.

Mr. NORRIS. I think you will find—

The CHAIRMAN. Here is the International Paper Company, Fort Edward, Washington County, news, manila, hanging, and wrappers, 290,000 pounds, twenty-four hours.

Mr. NORRIS. The Fort Edward mill is one of the large International Paper Company mills. It may have machines there for turning out fiber or other papers than news, but it is known as a news mill, and these figures relate to its output of news.

The CHAIRMAN. Do you suppose that they are based on the full capacity, 290,000 pounds?

Mr. NORRIS. Two hundred and ninety thousand pounds is 145 tons a day. I am quite sure that they are able to turn out that much, because most of that capacity was developed while I was on the New York World, and subsequent to the change in price of the New York World from 2 cents to 1 it was largely predicated upon the increased output of the New York World that the Fort Edward mill was developed by the Glens Falls Paper Company.

The CHAIRMAN. I see the same is true of the Glens Falls, news and hanging, 200,000 pounds in twenty-four hours.

Mr. NORRIS. Well, the International people, who operate that mill, claim only to turn out for uses other than their own 1,200 tons of news and 350 tons of paper-bag paper. They do make wrappings for their own use. I mean that every roll that is sent out is covered with wrappers. The wrappings of their rolls are over 2 per cent of the total output. I mean that if you refer to 1,200 tons of paper produced by them they would turn out 26 tons of wrapping paper a day to ship that in.

The CHAIRMAN. Is the International Paper Company the principal manufacturer?

Mr. NORRIS. It is the largest manufacturer of news, as a producer.

The CHAIRMAN. The Great Northern Paper Company is next, and a long ways ahead of any other plant after that?

Mr. NORRIS. No; there are other mills which in groupings come close to them.

The CHAIRMAN. In groupings, yes; but in one plant, I say.

Mr. NORRIS. In groupings; well, the Great Northern is really two plants—one at Madison and one at Millinocket.

The CHAIRMAN. You spoke of some combination of these independent mills; which of those independent mills are included in that selling agency list?

Mr. NORRIS. I will have to give you the list to-morrow; I have it in my record here.

Mr. STAFFORD. Do you know of any accurate collection of statistics that give the total output of the print-paper mills in the country, and also their capacity?

Mr. NORRIS. The paper trade directories are what you would look upon as the claims of the mills—that is, with respect to their capacity. I know of no other source of information that would compare with them.

The CHAIRMAN. Have you examined the official census returns for 1905 or the census of 1905?

Mr. NORRIS. I have looked over those figures, not carefully, not in anticipation of any cross-examination in Washington, nor for any reason that would justify me making such a study as would qualify me to give more than a most superficial reply to many questions which might be asked. I know more or less about the total production as reported, and the relation of the New York mills to the total. I am perfectly willing to give whatever information I have.

The CHAIRMAN. I asked to see whether you had taken this into consideration in making up your estimates.

Mr. NORRIS. I have. The figures, for instance, of 1905 show apparently a capacity for the country of slightly over 3,000 tons for the day, and for that reason I was slow to accept Mr. Burbank's statement of from 4,000 to 5,000 a day, because I was not able to trace capacities sufficient for that, though there might be three or four reasons which would contribute to a very considerable increase in output without any consideration of new machines; for instance, the change over from other kinds of paper to news printing paper. It might be due to the fact that in one year there were labor disturbances which did not appear in another year. There might be droughts in one year and not in another. There might be delays from many causes in one year showing in another year with the same capacity considerable increase in production. There might be a combination of circumstances such as there was in the month of January. Ordinarily in the month of January mills are disturbed more or less with anchor ice. It so happened that in the month of January, 1908, at a time when the news print demand had shrunk materially by reason of the business depression and the efforts of the newspapers to economize on their output from various causes, that the news mills made more paper in January, speaking generally, than they had ever made in a January, increasing their stock in hand at a time when there was a material shrinkage in demands. All those things would enter into the factor.

Mr. STAFFORD. What was their purpose in obtaining a surplus at that time when there was no demand?

Mr. NORRIS. There was no purpose; many of them have shut down. I understand that 21 machines of the International Paper Company had been shut down and a number of mills had shut down

rather than reduce their prices; that is, that the question had come whether the demand should be stimulated by a reduction in price or by a closing of the mills, and these mills had decided to maintain prices and close the mills, which resulted in throwing American labor into idleness and throwing orders into Canadian mills, and keeping Canadian labor employed while American labor was idle.

The CHAIRMAN. Mr. NORRIS, the census returns for 1905 show a total production for the year, I believe, ending with June 30.

Mr. NORRIS. I think it is June 30.

The CHAIRMAN. For the calendar year 1904, as I remember, except the State of Michigan—

Mr. NORRIS. It is for 1904 except the State of Michigan.

The CHAIRMAN. Except the State of Michigan, as I remember it from reading, 912,822 tons of print paper.

Mr. NORRIS. Doesn't that tally with what I said?

The CHAIRMAN. I am not undertaking to say that it does not. The figures you have presented, of course, would not quite tally with that on the basis of running all the time, which I suppose no mill ever does.

Mr. NORRIS. They would show an increase upon that.

The CHAIRMAN. Well, that is what I want to ascertain, whether there has been any substantial increase in the plant during the last two or three years.

Mr. NORRIS. There have been. There was, for instance, the St. Croix mill, in the eastern part of Maine, which recently started up with two machines of the latest pattern, greatest width, that turned out in the first week of running on the basis of 96 tons a day for the two mills. The Great Northern Paper Company has started some machines at East Millinocket, about 6 miles below Millinocket. The International Paper Company last July started a new machine at Hudson River mills, Corinth, Palmers Falls, and a second one in October, both of them of latest pattern, highest speed, utmost capacity. And there have been other machines started, which I can not recall offhand. But I think there are offsets to that in the fact that some machines have been turned over to other uses.

The CHAIRMAN. There seems to have been a very marked increase in the production between 1900 and 1905. The production by the census returns of 1900 was 569,212 tons, and in 1905 nine hundred and twelve thousand-odd tons.

Mr. NORRIS. My explanation of that would be the incompleteness and inaccuracy of the 1900 census, without knowing anything about it.

Mr. SIMS. In some communication which I have read of statements coming from your association they impeach the accuracy of the census returns. Now, does that refer to the census returns of 1900 or to all census returns?

The CHAIRMAN. They do not refer to the census returns at all, Mr. Sims. That is about as accurate as some people ever get things. The inaccuracy is mostly on the part of the impeachers. It is on Mr. Ridder's part in making the statement.

Mr. NORRIS. Excuse me; no, sir. Let me explain. That question was raised upon the accuracy of a letter sent by Mr. North, the Director of the Census, to Mr. Dalzell, purporting to give paper prices for a period of years and—

The CHAIRMAN. Purporting, on the contrary, to give what the trades journal furnished as market prices for a series of years.

Mr. NORRIS. But volunteering the statement that "you can rely upon these as accurate," which was a gratuitous statement, under the circumstances.

The CHAIRMAN. Oh, not at all, Mr. Norris.

Mr. NORRIS. Well, in view of the fact that I had been buying paper in those years at prices materially under it, and knew of many other purchasers and knew more or less of the prices which were being paid by newspapers generally, I insist that the figures given by Mr. North were exceedingly far from the actual figures.

The CHAIRMAN. In view of the fact that you never had made public the figures you are now paying for paper until compelled to do so by this committee, and in view of the fact that your other figures were secret figures that were not market quotations, do you think it is fair to say that your figures were market quotations?

Mr. NORRIS. We do not say our figures were market quotations. What we do say is that there were no market quotations of news print paper, by reason of the secrecy with which the entire news print-paper business had been conducted, that substantially no newspaper publisher knew of the prices of others, except those few who had been making a specialty of paper prices and who were constantly in touch with them and trying to get figures on them.

The CHAIRMAN. You say that during that period there were no market prices?

Mr. NORRIS. There were quotations; there were figures which the jobbers had.

The CHAIRMAN. Quotations are market prices.

Mr. NORRIS. But the so-called quotations of the paper trades journal for that period were a joke.

The CHAIRMAN. Oh, they were a joke to you people who had secret contracts, but they were the market quotations for the benefit of the public, and that was what Mr. North stated. Now, whether they are accurate or not I do not pretend to say; but I do pretend to say this, that the statements some of you people have made about Mr. North's letter are a great deal more misleading than Mr. North's letter could possibly have been.

Mr. NORRIS. That is purely a matter of opinion.

The CHAIRMAN. It is a matter of fact.

Mr. SIMS. What I want to find out, Mr. Chairman, is this—

The CHAIRMAN. I do not think you have made the misstatement. I expect to go into that letter later.

Mr. NORRIS. I think you will find that I have gathered considerable of the information for that North letter.

Mr. SIMS. I want to find out this, so as to know how to look at it myself. Are these published census returns assumed to be accurate, or are they questioned, the official publications?

Mr. NORRIS. We are not raising any question about this.

The CHAIRMAN. The census returns are assumed to be inaccurate on the part of the other side.

Mr. SIMS. I have several times seen statements in effect questioning their accuracy. Now I do not know whether you do or not, and as to whether I may dismiss that from my mind or not.

Mr. NORRIS. No; that statement may have caused a misapprehension in your mind, is this, that the Director of the Census had

used so little diligence in ascertaining the actual paper prices for those years, as had been apparent in that transaction, that it would cast a reflection upon the accuracy and the diligence exercised in other directions.

Mr. SIMS. The statements I have seen, perhaps, have not been sufficiently specific, but in broad terms——

The CHAIRMAN. Accurate, you mean.

Mr. SIMS. Well, specific in pointing out the particular thing in which the accuracy of the census was challenged. It conveyed the idea to my mind that in ascertaining the facts we could disregard the census reports, or would have to.

Mr. NORRIS. They conveyed this idea, that the Director of the Census, instead of going to the manufacturers, instead of going to the buyer or the seller, goes to a publication which does not accurately show those figures, and I do not want to reflect upon any publication, but we have never assumed that the news print quotations of the paper trades journal were made to serve any other purpose than to please manufacturers. We had no idea that they were intended to carry information to buyers.

Mr. SIMS. I did not have in my mind the letter from Mr. North to Mr. Dalzell. The facts are, I have not read that letter, but what I had in my mind was in the nature of charges.

The CHAIRMAN. What you had in mind was the inaccuracy and the wholly inaccurate statements of Mr. Ridder concerning the matter, which would convey a false impression to anyone reading them. I confess it stunned me until I looked into the matter, which I did when I was appointed on this committee. It may help you——

Mr. NORRIS. You have evidently formed your opinions after——

The CHAIRMAN. On that point, yes. It may help you if I tell you how I formed it. It is a very common practice for Members of Congress to call upon various Departments of the Government for information. The Census Bureau is one of them. The Bureau of Statistics is one of them. I often call upon branches of the Agricultural Department and on the Treasury Department for information. It is not the duty of any of these Departments to furnish us with market quotations on print paper or anything else. But when we ask a bureau for information which they have not officially collected they endeavor to do the best they can to accommodate us, and often give us figures stating that so and so is the authority, and usually informing us whether in their opinion the statement may be relied upon as accurate. In this case, as I am informed, Mr. Dalzell called upon Mr. North for the information which it was not his duty to furnish officially and which he did not collect officially, and he called upon Mr. Rantoul, who had prepared the census report for 1900, not selected by Mr. North, though I presume supposed to be a fairly good authority—I know nothing about that. He is a paper dealer, isn't he?

Mr. NORRIS. A sort of selling agent; yes, sir.

The CHAIRMAN. In New York?

Mr. NORRIS. In New York.

The CHAIRMAN. And Mr. Rantoul furnished the figures of paper from the trade journal as the best and most reliable figures which could be obtained. I think it was a shame, and somewhat of a disgrace, the way Mr. Ridder jumped onto that letter.

Mr. NORRIS. Well, there are phases of it—

The CHAIRMAN. I do not question his right to dispute the figures. I do not consider the figures of any more value than figures that anybody picks up.

Mr. NORRIS. You have assumed a conclusion without altogether looking into the aspects of it. Have you—I do not know that I should ask the question.

The CHAIRMAN. I am perfectly willing.

Mr. NORRIS. Have you reconciled to your mind the reason for the omission of all paper prices immediately following the creation of the International Paper Company in that statement?

The CHAIRMAN. Well, I have not formed an opinion about that. I would like to know why that was done. I am frank to say I expect to find out.

Mr. NORRIS. You have formed an opinion about the fierceness of the attack upon that letter without knowing what are the omissions as well as the statement.

The CHAIRMAN. Oh, you are mistaken; I know what the omissions are; I have read the letter.

Mr. NORRIS. Well, I mean with respect to the character of the omissions, the effect of the omissions upon these very questions in controversy, the immediate rise in price following the creation of the International Paper Company.

The CHAIRMAN. I have understood Mr. Ridder's letter, on the contrary, that prices were lower during that period that was not quoted.

Mr. NORRIS. And immediately following?

The CHAIRMAN. I did not say immediately following, but during the period that was not quoted they went lower.

Mr. NORRIS. They went up, and then went away down.

The CHAIRMAN. Well, that matter I do not know.

Mr. NORRIS. I mean what that purported to show was a quarterly quotation of prices.

The CHAIRMAN. Your self-appointed prophet in the House has again interfered with the deliberations of this committee, and requires us to adjourn and to go over to the House to answer the roll call.

(Thereupon, at 4.50 p. m., the committee adjourned until 10 o'clock to-morrow morning.)



SELECT COMMITTEE ON
PULP AND PAPER INVESTIGATION,
Wednesday, April 29, 1908.

The committee was called to order at 10.15 a. m., Hon. James R. Mann in the chair.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. You may proceed, Mr. Norris, whenever you are ready.

Mr. NORRIS. Mr. Chairman, you asked me to state how many tons the firm of H. G. Craig & Co.—or, rather, what were the mills. I have in my hand a memorandum sent to me by Mr. Seitz, of the mills controlled by H. G. Craig & Co., the St. Regis, the St. Croix, the Outterson mills, the Gould, the Remington-Martin, the Raymondville, and the Norwood, aggregating altogether 520 tons per day.

The CHAIRMAN. This is what you have referred to as the combination of independent mills?

Mr. NORRIS. That is right; but the schedule which I have shows that the mills named have only an output of 425 tons per day, whereas this particular firm advertises an output of 750 tons per day, so that it was evident that this list is incomplete; and we also know it has been selling the product of mills other than those which were credited to it, such as the Cliff, which I named.

The CHAIRMAN. Does H. G. Craig & Co. advertise that these particular mills which you have enumerated have an output of 750 tons per day?

Mr. NORRIS. I do not recall. I may be wrong in my recollection, but my impression was that I saw the announcement in the Paper Mill Directory of that firm.

The CHAIRMAN. That is, the Post Directory that I have sent out for the latest edition of.

Mr. STAFFORD. As I understand your contention, until these mills which you have just named were combined, were brought under one selling agent, there was no regularity of price so far as print paper was concerned?

Mr. NORRIS. There was no concentration of control of the news paper mills.

The CHAIRMAN. What do you mean when you say they were brought under the control of one selling agency, that no one would buy paper from these mills excepting through H. G. Craig & Co.?

Mr. NORRIS. That is my understanding—that that firm is the selling agent, and that it gets a commission upon the sales of all the output of

that mill, and substantially controls the output and the direction in which it shall go.

The CHAIRMAN. I ask that because yesterday you furnished us with a list of representatives of the various mills whom you stated were practically selling agents. All of the mills which you have enumerated now as belonging to the combination of which H. G. Craig & Co. are the selling agents were given different selling agents, as I now remember, in the list furnished yesterday, or a portion of them I know were.

Mr. NORRIS. This list of yesterday includes two names of men who are associated with H. G. Craig & Co.—John A. Davis, 261 Broadway, manager of the St. Croix Paper Company, and formerly salesman for the General Paper Company; James T. Mix, 261 Broadway, associated with Davis, and representing the St. Regis-Remington group, and H. G. Craig, 261 Broadway, who, with the two others, control the other mills. This is not quite a copy of that which was submitted to you. [Handing paper to the chairman.]

The CHAIRMAN. You mentioned Remington?

Mr. NORRIS. Yes.

The CHAIRMAN. Is he an associate of H. G. Craig?

Mr. NORRIS. Yes.

The CHAIRMAN. H. G. Craig, James T. Mix, John A. Davis, and Charles H. Remington—are they all associated together?

Mr. NORRIS. Their output on paper is supposed to be through H. G. Craig & Co.; the Outterson group, the Remington-Martin group, selling through H. G. Craig & Co.

The CHAIRMAN. I want to get this straight in my mind. I asked you yesterday about Charles H. Remington, of Raymondville, N. Y., head of the Raymondville Paper Company, whether he was the selling agent of that mill. I understood you to say that that was your supposition.

Mr. NORRIS. I was wrong.

The CHAIRMAN. What I want to know is this: Suppose a newspaper applies to one of these so-called independent mills, which you say is controlled by H. G. Craig & Co., as to sales. What will be done with that application? Will it be referred to H. G. Craig & Co.?

Mr. NORRIS. That is right.

The CHAIRMAN. These other gentlemen whom you enumerate do not attempt to make sales independently, so far as you know?

Mr. NORRIS. That is as I understand it. The other list is intended to cover the gentlemen who would be associated in any conferences relating to output or prices or allotments to customers.

The CHAIRMAN. When you say "the other list" you mean the list which you furnished of representatives of the different independent companies?

Mr. NORRIS. That is right.

The CHAIRMAN. Is it your claim that all of these mills which you have enumerated agree upon a price which H. G. Craig & Co. carries out, or that H. G. Craig & Co., after a conference with them, decides upon a price which they carry out, so that there is no variation in price, no competition?

Mr. NORRIS. Our claim is that in some way, either by direction to H. G. Craig & Co., or by arrangement with H. G. Craig & Co., a com-

mon price is agreed upon among all of the mills, and that H. G. Craig & Co. carry out that programme.

The CHAIRMAN. Do you know whether these mills furnish their paper to just a few newspapers, or is their paper quite widely sold—scattered in sales?

Mr. NORRIS. I do not know accurately. My impression is that it is widely diffused; in other words, that they do not have many eggs in one basket; that their number of customers is considerable, and not restricted to a comparatively few large users.

Yesterday I undertook to submit the memorandum as to reasons assigned by paper salesmen or mills to publishers for the increase in prices, and upon going over these reports last night again, I found that possibly some few of those reasons had been omitted from that formulation, so I now submit a memorandum which I think covers all of those reasons stated, namely, lack of wood pulp, three tour system instead of two, general poverty cry—

The CHAIRMAN. You ought to give the name of the paper.

Mr. NORRIS. That was L. E. Bontz, of the Sacramento Union, Sacramento, Cal.; then by E. T. McNulty, secretary, Journal-News, Evansville, Ind., claiming bad weather conditions, scarcity of pulp, labor troubles, etc.; everything it is possible to think of for an excuse. E. C. Tilton, Daily Press, Danville, Ill., increased wages, labor, and scarcity of pulp.

The chairman also asked yesterday for copies of letters from the paper companies to these publishers relating to prices and statements which were made in those reports by papers. I have here a letter from the Manufacturers' Paper Company, which I will hand to the stenographer, dated October 11, 1907. Shall I read the letter, or give you the gist of it?

The CHAIRMAN. Just as you please about that.

Mr. NORRIS. [Reading.]

MANUFACTURERS PAPER Co.,
41 Park Row, New York, October 11, 1907.

Mr. C. D. REIMERS,
Publisher Fort Worth Telegram, Fort Worth, Tex.

DEAR SIR: In further reply to your letter of September 21, the matters that were pending when we wrote you previously have so shaped themselves that we have no further tonnage open. We are, therefore, not in position to quote you at present, but trust that when you are again in the market you will not fail to give us another opportunity to bid; or if for any reason you defer the closing of your contract for next year until a later date, we should like to hear from you before you close.

Yours, truly,

MANUFACTURERS PAPER Co.,
D. PITTMER.

Here is a letter dated November 1, 1907, to Messrs. Don C. Seitz, John Norris, and Conde Hamlin, committee on paper, care A. N. P. A., New York, N. Y. [Reads:]

GENTLEMEN: In reference to your circular letter of October 1, making inquiry as to the information within the knowledge of the Bee indicating a combination of the manufacturers and dealers in print paper, we have not, at this time, much recent knowledge that would be of service to your committee in this connection. I state to you generally—

this is a confidential letter.

The CHAIRMAN. Has it information on this subject?

Mr. NORRIS. It has.

The CHAIRMAN. I guess we had better have it then.

Mr. NORRIS. [Continues reading.]

I state to you generally and confidentially what our present relations with the paper manufacturers are in order that you may judge as to what value, if any, the facts have for your purposes.

We had a contract with the Willamette Paper Company, whose mills are in Oregon, which contract was for two years, and expired about one year ago. The price of the paper was \$2.60, f. o. b. Sacramento.

A short time prior to the expiration of that contract we opened negotiations for a new contract, inviting bids from several sources. The Willamette at that time were willing to renew for two or five years for \$2.80, f. o. b. Sacramento, and, from their subsequent actions, we assume that they were satisfied that we could not secure any better price or would not be served by any other company.

We had at the same time a bid from F. W. Leadbetter, on behalf of the Columbia River Paper Company, for \$2.25, f. o. b. Portland, which would mean about \$2.50 here. Mr. Leadbetter advised us at that time that he expected to start a new mill at Vancouver, and intended to secure the pulp for this mill from a large timber area in Clark County, Wash., owned by himself and Mr. Pittock, of the Portland Oregonian. Prior to the operation of this mill, Mr. Leadbetter provided in his contract that we would be supplied with paper from the Crown Columbia, of which he was vice-president. From these Crown Columbia mills we had, at times, been supplied with paper under the Willamette contract, as there was some sort of a working agreement between the two.

When delivery of the paper was commenced under this Leadbetter contract, the Willamette people made protest, claiming, I believe, that they had a contract with the Crown Columbia people which forbade such latter company from delivering to customers of the Willamette, and the Bee was claimed as a Willamette customer. Notwithstanding, therefore, the fact that Mr. Leadbetter was the vice-president of the Crown Columbia Company and owned a large portion of the stock, he asked us, for reasons which he did not explain, if we would permit him to supply us with paper from eastern mills, equally good or better than that called for by the contract, to wit, the Crown Columbia paper. We assented thereto and for a number of months he supplied us with paper from the Rhinelander mills in Wisconsin, of excellent quality, and for which, we judge from facts within our knowledge, he must have paid perhaps 10 cents per hundred pounds more than his contract price to us, f. o. b. Sacramento. He was thus apparently disciplined for having interfered to take from the Willamette a customer whom they regarded as their own; at least that was the only inference we could draw from the facts within our knowledge.

While our supply was coming in this way from the Rhinelander people, and particularly during the months of April, May, and June of this year, there was a very serious congestion in freight, and though we had at times from six to ten carloads of paper between here and Wisconsin, and aimed to keep a month's supply in our cellars, we ran out on several occasions. Under arrangements with Mr. Leadbetter we placed orders for extra carloads of paper with the Crown Columbia people and they notified us that the price for such paper would be 3 cents per pound, holding out at that figure. We notified them, however, that the paper came to us under our contract with Mr. Leadbetter and we would leave the bills to him for adjustment. We paid Leadbetter at our contract rate for this paper and we never asked and do not know what arrangement was made between himself and the Crown Columbia as to the matter.

Recently Mr. Leadbetter advised us that he had given up the intent of constructing separate mills of his own and asked that we permit him to transfer the paper contract made by us, under the terms thereof, to the Crown Columbia mills. This was done and we are now operating under a contract made with the Crown Columbia people following the same conditions and price as obtained in the Leadbetter contract. This contract has about four years to run. We have been told that the new machines ordered by Mr. Leadbetter for the Vancouver project have been installed in the Crown Columbia mills at Oregon. It seems that the Crown Columbia Paper Company, of Oregon City, Oreg., and the Columbia River Paper Company, at Camas, were consolidated.

We have had, at various times in the past, indications of the existence of a paper trust, such as have come within the knowledge of other newspapers. For instance, prior to the last Willamette contract referred to above, we found out, in inviting bids from various sources, that we had been practically assigned, under agreement with other manufacturers, to the Willamette Company, and that other mills or dealers either would not quote on various pretexts or, if they quoted at all, would quote figures which made it impossible to consider their acceptance. This situation was frankly explained to us at one time, confidentially, by one of the eastern paper representatives.

There was evidently such an understanding also at the time of the expiration of the Willamette contract last year, and we could have at that time made contract only with the Willamette on their terms had it not been for the apparent desire of Mr. Leadbetter to himself start new mills.

Immediately after making our contract with Mr. Leadbetter, representatives of the Willamette Company visited us and assured us that they believed no other manufacturer was in position to supply us regularly and properly, and that, if at any time we found the parties to whom we had given the contract could not serve us, they would be glad to do so. It was immediately thereafter that we were advised that Mr. Leadbetter could not fulfill his contract of supplying us from the Crown Columbia mills.

I thus narrate categorically the facts that you may the more readily understand them than if I attempted to offer a separate explanation under each of your lettered subheads. I call your attention to these suggestions under your subheads.

(a), (b), (c), and (d) See figure offered by Willamette for new contract, and the attempt of the Crown Columbia to raise still further for special delivery, the charges made under our contract and the manner in which made.

(f) We have heard recently of several country publishers who use flat paper and buy in single carloads, as they require it, who have been unable to get quotations from any eastern office, but have been compelled to buy in San Francisco, where a combination exists among jobbers of news paper.

(g) Note the suppression of the Leadbetter project, though it is to be observed that the machinery ordered therefor has apparently been installed in the Crown Columbia plant.

(k) No experience with Canadian mills.

(l) Have always had print paper in sufficient quantity, unless there has been trouble in transportation and then the fault was not with the mills. We understand, however, that the Sacramento Union, a member of our organization, and who will doubtless answer your inquiries, did have trouble of this sort, its supply being curtailed and it being asked a bonus beyond the contract price for paper needed by them in excess of the contract deliveries.

(m) Fully answered above, showing changes from Willamette and Crown Columbia to Rhinelander and back again.

(n) Story above indicates knowledge on the part of the mills of quotations, etc.

Very truly, yours,

V. S. McCLATCHY, *Publisher.*

Mr. STAFFORD. You have no data as to the output of the Pacific coast mills, or those mills that supply the trade in the Western States?

Mr. NORRIS. I have not; no. [Continues reading:]

THE EVENING STAR AND NEWARK ADVERTISER,
Newark, N. J., October 16, 1907.

COMMITTEE ON PAPER,
American Newspaper Publishers' Association,
World Building, New York City.

GENTLEMEN: Regarding the inclosed communication, which I have filled in to the best of my knowledge, I would like to add a few facts which may, or may not, be of interest to your committee.

I was fortunate enough to have my contract for white paper expire last May. For some months prior to that time I had looked around to try to ascertain the figure at which white paper would be quoted when my contract expired in May. I dealt only with the St. Regis Paper Company, which is now supplying me, the International Paper Company, and the Perkins Goodwin Company. I dealt with Mr. White of the International Paper Company; in January, 1907, he told me that the International would not make any contract to supply me and would not quote me a figure, that the International had all it could do to supply the contracts it then had on hand, and that it could not take on any new contracts.

The Perkins Goodwin people told me they probably would be able to supply me, but one month afterwards wrote me to the effect that they would not be able to furnish me with any paper for any length of time and could not quote me a figure.

Mr. Mix, the sales agent of the St. Regis Paper Company, with whom I am now dealing, told me that there was no doubt but what paper would be very high. On about the 1st of May I began talking with Mr. Mix concerning the renewal of the contract which we had at that time. The old contract called for paper at \$2 per hundred. At that time Mr. Mix quoted me \$2.25 per hundred, but told me that the price might be \$2.50 a day after, and that the price he then quoted me, \$2.25, was quoted for that time

only. In other words, he might quote me \$2.25 at 2 o'clock p. m. and at 3 o'clock p. m. quote me \$2.50. In justice to him, however, I want to say that he gave me ample time to close at the \$2.25 figure. But I was not allowed to make a contract at that time. I made a contract, however, two or three weeks later at \$2.35 for one year, the amount contracted for being 1,200 tons, with 10 per cent leeway.

At the same time Mr. Mix was quoting me I was quoted a price of \$2.35 per hundred by a representative of Mr. Booth, who owns large forest tracts in Ontario, Canada.

While there was nothing specific in all my conversations with Mr. Mix, the tenor of his talk was that the paper mills throughout the country had united in an agreement to fix one price and stick by it.

Mr. Mix has informed me on various occasions that the International Paper Company has been buying paper from the St. Regis mills to help out his customers under contract. My talk with Mr. Wright of the International indicated to me, when taken with words dropped subsequently by Mr. Mix, that the International and St. Regis in at least the present situation knew what each other was doing and had some sort of a working agreement.

Thanking you for the opportunity of giving you what little information I have to give and trusting that it will be of some value to you, I remain,

Yours, very truly,

F. A. AUSTIN,
General and Advertising Manager.

TREADWELL PAPER COMPANY,
Watertown, N. Y., August 12, 1907.

ELMIRA STAR GAZETTE,
Elmira, N. Y.

GENTLEMEN: Answering your favor of the 2d, beg to state that our mills will not be in position to quote you on news paper until about the middle of September.

Our mills have recently received notice that pulp wood has advanced \$1.25, and, as it was already more than they had ever paid for it, it leaves us in a quandary as to where the cost of paper is going to end.

We hope to be pretty well settled up by September 15, and should you care to write us again we will be glad to hear from you.

Yours, very truly,

TREADWELL PAPER COMPANY.

Mr. STAFFORD. Do you claim that that mill is included in these so-called combinations?

Mr. NORRIS. We do.

Mr. STAFFORD. In the list that you have furnished this morning, do you claim that the output is controlled by Mr. Craig?

Mr. NORRIS. I do not pretend to know just how the understanding was reached. We claim that they were already acting in cooperation, the result of some understanding.

Mr. STAFFORD. Was this mill an independent mill prior to this recent understanding that you claim exists?

Mr. NORRIS. I do not know. [Continues reading:]

H. G. CRAIG & Co.,
PAPER MERCHANTS,
261 Broadway, New York, August 27, 1907.

ELMIRA STAR GAZETTE,
Elmira, N. Y.

GENTLEMEN: Replying to your favor of the 24th, addressed to the Taggarts Paper Company, Watertown, N. Y., and forwarded to us for reply, as we handle their product, would say we are pleased to make you a price of \$2.55 f. o. b. Elmira, net cash thirty days, on a year's contract, paper to be like the inclosed sample, which we feel sure would give you satisfaction. This is subject to immediate acceptance, which we are compelled to ask, owing to the acute conditions which now exist.

Trusting we may hear from you, we are, yours, very truly,

H. G. CRAIG & Co.,
JAS. T. MIX.

ST. REGIS PAPER COMPANY,
Watertown, N. Y., August 26, 1907.

ELMIRA STAR GAZETTE,
Elmira, N. Y.

GENTLEMEN: We have referred your favor of the 24th instant to Messrs. H. G. Craig & Co., New York City, who represent us.

Yours, truly,

D. M. ANDERSON,
General Manager.

[Prices subject to change without notice, and orders accepted subject to strikes or contingencies beyond our control.]

THE PETTEBONE-CATARACT PAPER CO.,
Niagara Falls, N. Y., August 26, 1907.

The STAR GAZETTE COMPANY,
Elmira, N. Y.

GENTLEMEN: We are pleased to receive your inquiry of the 24th instant, and can quote you on 350 tons of news in 34 and 17 inch rolls, for equal monthly deliveries over twelve months, \$2.50 per hundred pounds f. o. b. cars Elmira, terms net cash thirty days. Paper to be run on basis of weight 24 by 36, 32 pounds to 500 sheets, as near as possible.

Owing to the acute condition of the paper market to-day, we can not leave this quotation open beyond the 30th instant.

Trusting to have the pleasure of doing business with you, we remain,

Yours, truly,

THE PETTEBONE-CATARACT PAPER CO.,
N. P. BOWKER, Secretary.

OSWEGO FALLS PULP AND PAPER COMPANY,
Fulton, N. Y., August 24, 1907.

STAR-GAZETTE COMPANY,
Elmira, N. Y.

GENTLEMEN: Replying to yours of the 22d, would say we are not advancing the price on paper in your case as much as we have with others, with whom we have made contracts at \$2.60. You are located near us, however, and we purposely made your price low in order to favor you as much as possible. The matter of advancing the price on paper is made necessary because of the very considerable advance in the cost of manufacturing paper. If we had time to go into the matter I think we could thoroughly convince you that paper is costing us 25 to 30 per cent more than it was a year ago. We should like very much to make a contract with you and can assure you of our best services and a good quality of paper, and, in fact, we think within three months the price will be considerably higher than this; but this is as low as we dare make at present, and believe you will find it as low as you can buy any first-class paper. When the next car of paper is shipped you will find this will make an amount more than is due you on the present contracts and we therefore hope you will decide the matter promptly if you wish us to supply you.

Yours, truly,

H. L. PADDOCK, President.

OSWEGO FALLS PULP AND PAPER COMPANY,
Fulton, N. Y., October 8, 1907.

STAR-GAZETTE COMPANY,
Elmira, N. Y.

GENTLEMEN: Replying to yours of the 7th, we regret very much to learn that the car of paper from Malone was not satisfactory and assure you that we will send no more from there, and, in fact, I hope we will not have to ship you any paper from any other point except Fulton in the future.

Conforming to your request, we will ship you another car to arrive in about three weeks.

Yours, truly,

H. L. PADDOCK, President.

ANTIETAM PAPER COMPANY,
Hagerstown, Md., July 20, 1907.

The WILKES-BARRE TIMES,
Wilkes-Barre, Pa.

GENTLEMEN: We have your favor of the 18th and note that you are in the market for year's supply of news. In this connection you do not state whether you use sheets or rolls, and whether you buy in carloads or less than carloads. If you will kindly answer us the following questions we shall be very pleased to quote you:

The quantity of paper you use in a year. Do you buy in carloads or less than carloads? If you use sheets, size and weight of ream. If you use rolls, the width of rolls.

Awaiting your reply, we are, yours, truly,

ANTIETAM PAPER COMPANY, INC.,
W. B. LITTLETON, *Secretary and Treasurer.*

OSWEGO FALLS PULP AND PAPER COMPANY,
Fulton, N. Y., July 20, 1907.

WILKESBARRE TIMES, Wilkesbarre, Pa.

GENTLEMEN: Replying to yours of the 18th, we are unable to quote you on a year's supply of newspaper as we have taken all the contracts we can possibly handle for this season.

Yours truly,

H. L. PADDOCK,
President.

The CHAIRMAN. Mr. Norris, is there a difference in price according to and somewhat governed by the width of the rolls?

Mr. NORRIS. No; well, there is where they get an extremely narrow roll, what they call a side run. I do not exactly understand what their arrangement is. I have never bought any side runs, and the only place where I ever saw any reference to that was in the Paper Trade Journal where there were different quotations on side runs. I can understand how a job printer using a very small roll might use it.

Mr. RYAN. A small newspaper?

Mr. NORRIS. Well, it would have to be an exceedingly small newspaper, because the quarter roll of the average newspaper will be about 17 inches wide, and the tendency of most newspapers is to get away even from that, that is, with the larger paper. With the web press the narrowest roll would be about 16 inches, but they can use side runs for tape and work of that character, and I think it would be possible to use a smaller width than that.

The CHAIRMAN. In the letter which you just read, where they desire to know the quotations, the newspaper manufacturers desire to know the width of the roll as preliminary to making a price, and I wondered why.

Mr. NORRIS. Nearly every newspaper—I would not say every newspaper, but there are probably 40 or 50 different widths of rolls. Some rolls go up to nearly 80 inches. I know of one that used to go above 80 inches, but on the average they run from 74 inches full width down to near 62 or 63 inches, and then in fractions of an inch. That is the full width of the roll. Then where a web press will print a 12-page paper it will be put on the press with a full width roll and half-width roll, which would be just one-half of the other. The product of that press would be a 12-page paper, or, if the publisher wanted to turn out a 14-page paper he would put on a full-width roll and three-quarter width roll, which would enable him to turn out that part of it.

The CHAIRMAN. But why did the paper dealer wish to know the width of the roll that this newspaper desired before making a price?

Mr. NORRIS. That is an incident in connection with every contract, the width of the roll; and with the larger companies the weight of the roll, as to whether they shall be very large or an average weight.

The CHAIRMAN. But this inquiry was made preliminary to making a price. What I wanted to know was why they wanted the information before they quoted the price unless there was a difference in the price.

Mr. NORRIS. Some sizes are more attractive to mills than other sizes. If, for instance, a paper maker has a machine 140 inches wide, and he can run paper with sharp edges—that is, after trimming the edges off—to a width of 120 inches, if he can get orders for two rolls 60 inches wide he can obtain the whole covering capacity of that machine, whereas if he got one order for 74-inch width he would have 46 inches on the side that would be idle, and it would be necessary for him to see how he could cover that, otherwise he would not make the most economical use of his paper machine.

The CHAIRMAN. Does that affect the price?

Mr. NORRIS. It ought to affect the price.

The CHAIRMAN. I am asking whether it does affect the price, if you know.

Mr. NORRIS. I say that our understanding is that so far as this particular matter—arrangement and price—are concerned, that the width of the rolls was not an incident; in other words, that there was an arbitrary dead line below which they would not sell under any circumstances; that between customers they would prefer those whose orders would enable them to entirely cover their machines, and therefore secure the maximum output per day from each machine.

Now, as to this letter to the Wilkes-Barre Times, dated July 20, 1907, I think you will find that this is prior to the other letter wherein he was negotiating with Elmira.

I have here a memorandum from Meegargee & Co. reading as follows:

Two and one-half cents less 3 per cent, or three months net from date of invoice, payment to be made with sixty-day note f. o. b. cars Wilkes-Barre.

[Continues reading:]

GREAT NORTHERN PAPER COMPANY,
51 Wall Street, New York, July 12, 1907.

WILKES-BARRE TIMES,
Wilkes-Barre, Pa.

GENTLEMEN: Your favor of the 10th instant to hand. We thank you very much for bearing us in mind, but will not be in position before November to make quotations. If you are still in the market at that time we will be very glad to hear from you.

Yours, very truly,

GREAT NORTHERN PAPER CO.
G. B. WINGMAN,
Assistant to Vice-President.

Mr. STAFFORD. For what purpose do you offer that letter?

Mr. NORRIS. Fixing dates as to when they did not have any contracts, when they were not covered, and so on; when they were not making quotations.

Mr. STAFFORD. When they did not have any production on hand to meet the demand of the local newspaper?

Mr. NORRIS. That, in some way which we have not yet uncovered, it was part of a programme by which they would not quote. It

is either that the customer had been assigned to some other mill, or some such arrangement of that sort which we are unable at this time to indicate.

Mr. STAFFORD. Have you any testimony to show that at that time the Great Northern mill did have paper to furnish to any persons who might apply for their output?

Mr. NORRIS. We have a number of letters here from the Great Northern Paper Company which we will put in. [Continues reading:]

BERLIN MILLS COMPANY,
New York, N. Y., July 20, 1907.

Mr. J. B. CHEYNEY,
Wilkes-Barre Times, Wilkes-Barre, Pa.

DEAR MR. CHEYNEY: Your favor of the 18th at hand, and note that Mr. Flick can not be seen in Wilkes-Barre until some time next week. As the writer leaves on a three or four weeks trip next Thursday, it will probably be impossible for him to see Mr. Flick at that time. It may, however, be possible for Mr. Flint to run down.

Our price to-day on the paper same as we are serving you is 2½ cents per pound net f. o. b. cars Wilkes-Barre. This may seem to you quite an advance, but we have closed up two recently of over 1,000 tons at this price, the present contract of one of them not expiring until January 1, 1908. This will give you some idea of the paper situation and how some of the publishers feel.

We have had several requests to renew contracts expiring the first of the year, but have declined to quote, as the prospects are that the price will be materially advanced in the fall. We inclose contracts made out in this way, with the exception of filling in the dates when the contract is made. This is absolutely the lowest price at which we can take your order. If you can not see your way clear to continue with us, the writer regrets that we shall have to lose your contract. If you can decide without seeing us that you do wish to continue with us, will you kindly sign the contracts and forward them, thus saving us a trip which would come at a very inopportune time for us?

Owing to the present condition of the market and the fact that we may decide that it would be better policy for us to drop some of our contracts, this price is for immediate acceptance only.

Yours, very truly,

BERLIN MILLS COMPANY,
W. B. MOORE, Agent.

PERKINS-GOODWIN CO.,
72 FIFTH AVENUE, CORNER THIRTEENTH STREET,
New York, July 15, 1907.

WILKES-BARRE TIMES,
Wilkes-Barre, Pa.

GENTLEMEN: Replying to your recent inquiry for a price on a year's supply of news paper, we regret to say that we are not in a position to quote.

Thanking you for the inquiry, we are, very truly, yours,

PERKINS-GOODWIN CO.,
JOHN H. DUFFY, Vice-President.

NEW YORK AND PENNSYLVANIA CO.,
41 Park Row, New York, July 10, 1907.

Mr. J. B. CHEYNEY,
Wilkes-Barre Times, Wilkes-Barre, Pa.

DEAR SIR: Replying to your esteemed favor of the 8th instant. We will ship you a sample carload of paper at the market price of \$2.75 per 100 pounds f. o. b. Wilkes-Barre, and we will make you a price on your contract, for one year, of \$2.60 per 100 pounds. In the event of contract being placed with us we will rebate to you the difference between the price on sample carload and contract price.

We inclose herewith sample of the paper we would supply. We beg to thank you for your inquiry, and trusting to have the pleasure of entering your order, we remain,

Yours, very truly,

NEW YORK AND PENNSYLVANIA CO.,
J. NEIL.

BERLIN MILLS COMPANY,
Portland, Me., June 27, 1907.

CHARLOTTE OBSERVER,
Charlotte, N. C.

DEAR SIR: When you are again in the market with your contract for news paper we shall be pleased to hear from you.

Yours, very truly,

BERLIN MILLS COMPANY,
H. J. BROWN, *Treasurer*.

JUNE 29, 1907.

BERLIN MILLS COMPANY,
Portland, Me.

DEAR SIR: As you may know the Observer Company operates three papers in Charlotte and two in Greenville, S. C. Kindly let us know what price you can make us on 50 tons contract, same to be used within one year f. o. b. Greenville, S. C. Also advise what the price would be on a 450-ton contract to be used within one year f. o. b. Charlotte.

Yours, very truly,

THE OBSERVER COMPANY.

BERLIN MILLS COMPANY,
Portland, Me., July 1, 1907.

THE OBSERVER COMPANY,
Charlotte, N. C.

DEAR SIR: Replying to your kind favor of the 29th, we thank you for notification to quote on your contract, but as we are full of orders, we regret we do not see our way to name you price.

Thanking you for writing us, we remain, yours, very truly,

BERLIN MILLS COMPANY,
H. J. BROWN, *Treasurer*.

THE PATERSON EVENING NEWS,
Paterson, N. J., January 10, 1908.

DON C. LEITZ, Esq.,
Paper Committee.

DEAR SIR: The Congressman from this district, William Hughes, is a Democrat and will vote for free paper and pulp.

The News thought it was safe from the paper trust, but it finds that it is up against it hard. We had a contract with the New York and Pennsylvania Company for 500 tons at 2 cents, which does not expire until January, 1909. We have been doing business with them for ten years. Sometimes we did not pay them for a few days over the thirtieth, but no kick was made, as they were getting a good price. We let a bill go for a few days over the thirtieth, and without a word they tell us the contract is canceled and they will not ship at that price. Our counsel tells us that our only remedy is to buy in the open market. But we can't buy. Two or three firms quoted \$2.60, but refuse to contract, saying we had better order through the New York and Pennsylvania Company. The market is fixed. J. E. Linde, president J. E. Linde Paper Company, a personal friend and a stockholder of the News, says that there is a gentleman's agreement between all the companies and that our best policy is to make the best terms we can with the New York and Pennsylvania Company. Our counsel, ex-Attorney General Griggs, advises us that the only recourse we have is to buy paper outside and bring suit against the New York and Pennsylvania Company for the difference. I guess the trust has us cornered. We can't buy anywhere but where we are assigned. As of old, "our raiment is parted and for our vesture they have cast lots." Any further details you want for the committee's use I shall be glad to furnish.

THE EVENING NEWS,
E. B. HAINES, *President*.

THE NEWS PRINTING CO.,
Paterson, N. J., October 28, 1907.

COMMITTEE ON PAPER,
A. N. P. A., New York.

I have delayed a reply to your circular because of the nonreceipt of any reply to a letter written to Mr. Seitz. I have had no trouble with paper personally, as my con-

tract with the New York and Pennsylvania Company does not expire until January 1, 1909.

I had a conversation with one of the directors of the International Paper Company at the Coleman House, Asbury Park, in August, 1907. The gentleman asserted that the International had the situation well in hand; that no contracts would be made for less than \$2.50 to \$2.60, and after January 1, 1908, no contracts would be made for less than three months. He said the dissolution of the General Paper Company caused the low prices, but that a new agreement had been reached and there would be no competition from the western mills.

This is the substance of his talk. I know from other publishers that prices have advanced and contracts have been refused. For a short time agents were at our office offering paper at low prices, and Canadian paper was offered us by Mr. Felch, duly paid, at less than our contract price, but we were tied up and could not order. But no agents have offered paper of late, and no quotations can be had. There is no doubt in my mind that the International Paper Company has made an illegal combination with the other manufacturers in this country and Canada to restrict the output of paper and arbitrarily fix the price at which it is sold.

The News Company and myself individually will do all in our power to strengthen the committee's hands and sustain it in every way.

Yours, very respectfully,

EDWARD B. HAINES,
President, The Evening News; The Volkfreund,
Paterson N. J.

THE KANSAS CITY JOURNAL,
Kansas City, Mo., October 26, 1907.

To the COMMITTEE ON PAPER,
New York.

GENTLEMEN: We inclose herewith answers to inquiries, and in a general way will say that since 1899 we have had a fairly low price on paper. It has ranged from \$1.90 to \$2, with the exception of about 2,000 tons where the price was \$2.35, all f. o. b. Kansas City.

We are trying to arrange for our supply for next year, but up to date have been unable to get quotations. Our tonnage is 4,000 tons per year, or a monthly average exceeding 300 tons.

Of late years we have dealt with the General Paper Company, and our paper has come from the Nekoosa Paper Mills, in Nekoosa, Wis., and the Combined Locks Mills, of Combined Locks, Wis.

The Combined Locks people have up to date refused to give us a price. They have offered to keep us in paper for next year provided we would follow the market, which market was to be judged by ourselves, themselves, and the brokerage firm of Allen, McEnery & Co., of Chicago, Ill.

They agreed to make the price for the first month, 1908, \$2.42½ f. o. b. the mills, which would make the price \$2.62½ f. o. b. Kansas City, or a raise of 62½ cents over last year's price. They refuse, however, to make us this quotation on a tonnage of 4,000 tons for next year.

The Manufacturers' Paper Company, of New York, have offered to give us quotations on cars for immediate shipment, but say that they are unable to quote on such a large tonnage for 1908.

The International Paper Company is out of the market so far as Kansas City is concerned, although I have a diplomatic letter from their St. Louis agent, in which he states that he will take up the matter with Mr. Weller in New York, and hopes that he will be in position to make a bid for business.

Have just received a telegram from the Chicago brokers, Allen, McEnery & Co., asking me to come to Chicago Monday, and stating that they believe something can be done. Will advise you further.

Yours, sincerely,

HAL GARDARD, *Manager.*

The CHAIRMAN. Have they advised you further?

Mr. NORRIS. I have no record of any further advice.

A statement from John H. Harrison of the Commercial News, Danville, Ill. [Continues reading:]

We belong to the Illinois Daily Newspaper Association and tried this summer to let our contracts jointly in one order. Not a single paper dealer bid on our tonnage. We only had two bids at all, and they were partial ones. Without saying so the print paper

people simply refused to deal except individually. You can get all kinds of information on this from our secretary, Mr. A. O. Lindstrum, Galesburg, Ill., Mail. At our last meeting a committee was named to gather information to forward to the Attorney-Generals—State and national. We meet again on October 22-23, at Joliet.

J. H. H.

J. W. BUTLER PAPER CO.,
212 to 218 Monroe street, Chicago, September 21, 1907.

MR. FREDERICK P. CONE,
Chanute, Kans.

DEAR SIR: Your favor of the 17th has just reached us. It has doubtless been delayed in transit some way.

We note your request for our best net cash price on one carload of news print, 30½ by 40, 45-pound. Our paper is shipped from the East and a minimum carload is 36,000 pounds. We presume, however, this would make no material difference to you.

Our price for the Empire quality of news print, in carload lots, your size and weight, put up soft fold, is \$2.75 per hundredweight f. o. b. our mill, less carload rate of freight allowance to Chanute, which is 45 cents per hundredweight, less 3 per cent for cash.

Our paper is a splendid eastern article, which we are sure will give you better satisfaction than the ordinary Western No. 2. We are sending you plain and printed samples of same to-day by mail, under separate wrapper. We could delay shipment of this carload as long as ninety days from this date if desired.

Owing to the unsettled condition of the market and the probable further advance, all prices are made for immediate acceptance only, and subject to change without notice.

Yours, very truly,

J. W. BUTLER PAPER COMPANY,
By JOHN I. ANDERSON.

J. W. BUTLER PAPER CO.,
212 to 218 Monroe street, Chicago, September 26, 1907.

MR. FREDERICK P. CONE,
Chanute, Kans.

DEAR SIR: Your letter dated the 24th has just reached us, and ere you receive this, our letter withdrawing price quoted will probably be in your hands. We regret the circumstances, but can not control conditions of the market on this product nor hold open propositions for any great length of time. We are not making quotations delivered, all prices are made f. o. b. mill, less allowance for the carload rate of freight which, as previously stated, is 45 cents per hundredweight from our mill to Chanute. The price to-day, however, if the order was placed would be \$2.80 per hundredweight less 45 cents freight allowance, and less 3 per cent for cash.

The proposition as you have it figured out is correct. You pay the freight, send us the railroad company's expense bill and we credit your account with the amount paid.

Yours, very truly,

J. W. BUTLER PAPER COMPANY,
By JOHN I. ANDERSON.

All prices subject to change without notice.

KANSAS CITY PAPER HOUSE,
607-609 Wyandotte Street, Kansas City, Mo., October 1, 1907.

FRED P. CONE,
Chanute, Kans.

DEAR SIR: Answering your favor of September 29, in accordance with the telephone conversation just held, will say that we have canceled the 10,000-pound order which you had given Mr. Shaw, and will protect you on the 6,000 pounds, to be taken at the rate of 3,000 pounds per month, \$3.15 per hundredweight, f. o. b. Kansas City.

Yours truly,

KANSAS CITY PAPER HOUSE,
FIELD.

N. B.—This 10,000 pounds was sold at \$3.12½. The best price offered on carload was \$3.07½.

J. W. BUTLER PAPER CO.,
212-218 Monroe Street, Chicago, October 2, 1907.

MR. FREDERICK P. CONE,
Chanute, Kans.

DEAR SIR: We have yours of September 29, referring again to the matter of news print. All previous propositions in connection with this product are of course withdrawn, but we note a clerical error in our letter of September 28. Our proposition should read as follows, based on to-day's market:

"For our 'Empire' quality of news print, mill shipment, 36,000 pounds minimum, made to your size and weight, 30½ by 44, 55-pound, put up soft fold, \$3.08 per hundredweight, less carload rate of freight allowance from our mill to Chanute, which is 46 cents per hundredweight, and less 3 per cent thirty days from date of invoice. You pay the freight rate, send us the railroad company's expense bill for the amount, and we credit your account."

This of course is the same as \$3.08 per hundredweight f. o. b. cars Chanute, but we are not quoting delivered prices because of the fact that freight rates are, to some extent unsettled and there are bare possibilities that the railroad companies will retaliate whenever they can in the matter of freight rates, because of what they term recent adverse legislation against them.

The price of this product is steadily advancing, and we are making propositions for immediate acceptance only and subject to change without notice.

Hoping that we may hear from you before any further advance occurs, we are,
Yours, very truly,

J. W. BUTLER PAPER CO.,
JOHN I. ANDERSON.

All prices subject to change without notice.

J. W. BUTLER PAPER CO.,
212 to 218 Monroe Street, Chicago, October 9, 1907.

FREDERICK P. CONE,
Chanute, Kans.

DEAR SIR: Yours of the 5th is received and noted, and we are free to admit that you are entitled to your opinion that we have not made ourselves plain in connection with the matter of carload of news print. We will now forget all that has been written in connection with this matter, and will try to set ourselves right before you.

As stated in our letter of October 2, we are not making delivered prices on account of the unsettled conditions of freight rates, or in other words, because of the fact that these freight rates may change. We are selling our "Empire" quality of news print to-day in carload lots of not less than 36,000 pounds made your size and weight, 30½ by 44, 55 pounds, and put up soft fold at \$2.82 per hundredweight, f. o. b. our mill, less 3 per cent for cash.

Now, we have heretofore been mixed as to the carload rate of freight from our mill to your city, but we are absolutely certain now that it is 46 cents, therefore the paper will cost you at the present prevailing rate of freight with 3 per cent for cash deducted, \$3 per hundredweight, f. o. b. cars Chanute.

Trusting this is plain, and hoping to hear from you at an early date, and favorably, we are

Yours, very truly,

J. W. BUTLER PAPER CO.,
JOHN I. ANDERSON.

All prices subject to change without notice.

MR. STAFFORD. Just a few moments ago you cited the price to a Kansas firm for a period of a year of \$2.62. Now, as I understand it, you are quoting a price to another Kansas establishment of over \$3.

MR. NORRIS. I think you will find that this is flat paper.

MR. STAFFORD. A difference in the character of the paper?

MR. NORRIS. In sheets instead of in rolls. I think that is the explanation, without knowing. [Continues reading:]

THE DAILY HEADLIGHT,
Pittsburg, Kans., October 15, 1907.

COMMITTEE ON PAPER,
A. N. P. A.

In answering your blanks we have done so in a manner not very satisfactory. So firmly satisfied have we been that the combination not only existed, but that really

only one firm could make us a low price (that is, the others would all make a higher price) that we have paid the price and largely gave up the effort. We have sent out letters asking for quotations, some were unanswered and others were vague or questions asked in return or prices higher. It was so evident a case of not desiring to make prices we threw the letters in the waste basket and quit trying.

J. T. MOORE, *Manager*.

At this point may I offer the list of officers and rules of the new Sulphite Pulp Association, which were printed in the Paper Mill of November 23, 1907, and which will be part of the formulation of the statement with respect to combinations of the various groups of paper makers? These rules provided for an auditor to examine the books, vouchers, and other papers of every member of the association monthly for the purpose of verifying such reports. Shall I read the rules?

The CHAIRMAN. Just as you please.

Mr. NORRIS. [Reads:]

LIST OF OFFICERS AND RULES OF NEW SULPHITE PULP ASSOCIATION.

The officers of this association are as follows: Thomas Hunter, of the Battle Island Mill, Fulton, N. Y., president; Nathaniel M. Jones, general manager of the Katahdin Pulp and Paper Company, Lincoln, Me., vice-president. The secretary and treasurer are yet to be selected.

Appended are a few of the by-laws of this new sulphite pulp association:

"The purposes and objects of this association are as follows:

"To establish a bureau of information and statistics, to the end that a full and accurate knowledge of prices, production, and other conditions of the industry may enable each member to more nearly adjust his production to the demand, and prevent violent fluctuations in prices, to the injury of both manufacturer and consumer.

"To discuss and investigate the present supply of raw material, the possibility of new material and processes, and cost of manufacture.

"To collect and disseminate statistics and information between the manufacturers of sulphite fiber, and promote the industry in every lawful manner.

"The regular meetings of the association shall be held on the third Wednesday of every month.

"Special meetings may be held when called by the secretary. It shall be the duty of the secretary to call a special meeting whenever requested, in writing, by two members of the association.

"Each member of the association shall be entitled to representation at any meeting by one of its directors, and shall be entitled to one vote

"A majority of the members of the association shall constitute a quorum.

"The secretary shall appoint an auditor to examine the books, vouchers, and other papers of every member of the association monthly, for the purpose of verifying such reports, and each member of the association agrees to afford all reasonable facility for such examination.

"In order that the members may have the most reliable information as to the market for sulphite and the relation of the demand to the supply, each member shall send monthly reports, in such form and within such seasons as may be authorized by vote of the members, showing the tonnage and prices and agreed rate of shipments of manufactured product sold; also tonnage and prices of manufactured product shipped, names of buyers and terms of contracts, and such other information as may be required by the members.

"Such monthly reports from each member shall be kept in strictest confidence by the secretary, and shall not be shown to any person whatever, but shall, by the secretary, be averaged and tabulated into a monthly report of all the association, as a whole, copies of which shall be furnished to each member so reporting."

The CHAIRMAN. When was this association organized?

Mr. NORRIS. That association has been running—that or its predecessor—for two or three years, and meeting monthly at the Hotel Astor in New York City fixing prices, advancing prices; and these new by-laws were devised, so we charge and expect to be able to prove, immediately following the complaints of the publishers, in order that this association might come within the Federal statutes.

The CHAIRMAN. Does this association cover anything except the manufacture of sulphite pulp?

Mr. NORRIS. No, sir; and sulphite pulp is 20 per cent of the material in news print paper.

The CHAIRMAN. I understand. Have you given the names of the members of the association?

Mr. NORRIS. The Paper Mill furnished the following list. [Reads:]

The following are a few of the sulphite pulp and paper manufacturers that were present: Carl Riordon, Charles Riordon, and George C. Challis, of the Riordon Paper Mills, Hawkesbury, Ontario.

I know that Mr. Riordon was in town on that date, because he telephoned to me. [Continues reading:]

S. A. Upham, Brownville Paper Company, Brownville, N. Y.

F. L. Moore, president Newton Falls Paper Company, Newton Falls, N. Y.

N. M. Jones, Katahdin Pulp and Paper Company, Lincoln, Me.

Mr. Jones is a gentleman who has been in the West for three or four months as one of a party of nine, appraising and passing upon the mills there which were formerly members of the General Paper Company. [Continues reading:]

J. H. McCormick, Manning Paper Company, Troy, N. Y.

George M. McKee, Hinckley Fiber Company, Hinckley, N. Y.

E. H. Williams, Williams & Gray Company, Chicago, Ill.

W. H. Caldwell, president American Writing Company, Holyoke, Mass.

F. J. French and J. Ed. French, Three Rivers, Mich.

Louis W. Hout, selling agent, Detroit and Munising paper companies, Chicago.

J. A. Outterson, DeGrasse Paper Company, Pyrites, N. Y.

Mr. Outterson was arraigned in court in New York city yesterday upon a presentation by the Federal grand jury for refusing to submit the books of his company to the Federal grand jury, which is now investigating the Fiber and Manila Association, and was notified by Judge Lacombe that they must present those books by Friday or be in contempt. [Continues reading:]

Arthur J. Pierce, Monadnock Paper Company, Bennington, N. H.

Frank Milham and C. B. Wing, of the Bryant Paper Company, Kalamazoo, Mich.

E. G. Barrett, Union Bag and Paper Company.

H. H. Everhard, Munising Paper Company and Detroit Sulphite Pulp and Paper Company, Munising, Mich.

Mr. Everhard was the head of the Fiber and Manila Association, about which association we have furnished to the Department of Justice memoranda of minutes of nine meetings, wherein allotments were made, or rather restriction of output was provided for, and arrangements were made for the payment of \$5 per ton on every ton produced into a pool known as the "Parks pool."

The CHAIRMAN. That is one of the allegations which I suppose you are going into?

Mr. NORRIS. Yes, sir. [Reads:]

Alfred Leeds, manager of the sales division, American Writing Paper Company, Holyoke, Mass.

J. C. Murray, superintendent, Orono Pulp and Paper Company, Orono, Me.

Theodore Burgess, Burgess Sulphite Pulp Company, Boston, Mass.

The CHAIRMAN. Do you know whether most of the paper manufacturers manufacture their own sulphite pulp?

Mr. NORRIS. I do not know in what proportion the sulphite pulp is made by news-print paper manufacturers for themselves. I think that most of the news-print paper manufacturers do make their own

sulphite pulp. Our contention, so far as this association is concerned, is that to the extent that they fix prices for the market it did affect the cost of material entering into news print paper with those news-print paper mills which buy their sulphite pulp, and to that extent did affect the market.

The CHAIRMAN. Is there any way that we can ascertain the amount of sulphite pulp and ground pulp manufactured in Canada?

Mr. NORRIS. I think the Paper Mill Directory will give that. Have you the Paper Mill for 1908?

The CHAIRMAN. I sent over to the Library this morning for Post's Directory, returning the first one they sent me, and I suppose they have not got it. They said they would send for it.

Mr. NORRIS. I think the 1906 directory would hardly have this estimate.

The CHAIRMAN. My recollection is, from looking through the Post Directory, that it did not pretend to separate the quantities.

Mr. NORRIS. He had upon a page in the front of his directory the copyright of the particular formula wherein he undertook to show the daily output of the different kinds of paper in the United States and in Canada.

The CHAIRMAN. The different kinds of paper?

Mr. NORRIS. And the different kinds of products, which includes, my impression is, sulphite pulp, and I am not certain, but I think includes ground wood as well as sulphite pulp.

I would also like to submit a report of the meeting in the Paper Trade Journal of September 12, 1907, before our meeting in New York. The article is entitled "News advanced." [Reads:]

NEWS ADVANCED—THE EASTERN MANUFACTURERS RAISE PRICES 15 CENTS A HUNDRED—REPRESENTATIVES OF THE LARGE NEWS MILLS IN NEW YORK AND THE NEW ENGLAND STATES MET IN NEW YORK CITY LAST WEEK TO CONSIDER THE TRADE SITUATION—THE ADVANCE FOLLOWED.

An advance of 15 cents a hundred on news paper was announced last week as a result of a meeting in New York at which a large number of the eastern news mills were represented. Most of the northern New York manufacturers making this grade of paper are said to have been in attendance at the meeting.

The new prices agreed upon by the manufacturers at last week's meeting are as follows: On carload orders the price is to be \$2.65 per hundredweight in rolls and \$2.80 in sheets. On regular contracts of not less than 2,000 tons the new price is \$2.50 in rolls and \$2.65 in sheets. Prevailing conditions in the raw-material market are given as the main reason for this latest increase in the price of print paper.

According to recent reports, especially from northern New York, the mills are only recovering from another period of extremely low water, which has curtailed the output of paper considerably and created a shortage of ground wood. During the past two or three weeks a number of the mills in that section have only been running on part time, while some of the pulp mills have been closed down completely.

All the principal streams in the upper part of New York State were lower than they have been before in many years. This was particularly the case with the upper portion of the Hudson River and the rivers in the vicinity of Watertown, N. Y.

With a scarcity of pulp and with practically no surplus stocks at any point, the drought further aggravated the situation by adding to the shortage and causing an additional stringency in the ground-wood market. The added difficulty in securing supplies and the continued advance on raw material, it is stated, simply forced the manufacturers to act in order to protect themselves against a situation which was entirely beyond their control.

Among the mills said to have been represented at the meeting were: Cliff Paper Company, Niagara Falls, N. Y.; Berlin Mills Company, Berlin, N. H.; Gould Paper Company, Lyons Falls, N. Y.; St. Regis Paper Company, Watertown, N. Y.; Taggart's Paper Company, Watertown, N. Y.; St. Croix Paper Company, Woodland, Me.; Remington-Martin Company, Watertown, N. Y., and Malone Paper Company, Malone, N. Y.

I just want to state to you parenthetically that the agents of those companies now or were predicting this action eight months in advance of that meeting, and therefore anticipated the drought and low water and shortage of ground wood.

The CHAIRMAN. Perhaps they were acting as prophets. The Weather Bureau might have employed them.

Mr. NORRIS. Probably.

I would also like to submit a statement attributed to K. B. Fullerton, first vice-president of the Manufacturers' Paper Company, published in the Paper Mill of August 24, 1907.

The CHAIRMAN. What is the Paper Mill?

Mr. NORRIS. The Paper Mill is the Post publication of 13 Park Row, New York. There are two so-called paper trade journals, one is the Paper Trade Journal, printed at 152 Nassau street, by the Lockwood Company, and the Paper Mill, printed by L. W. Post, 13 Park Row. I want to state that this publication did more to alarm newspaper publishers as to the paper situation than anything they had previously read.

The CHAIRMAN. Do you mean this paper, or this particular article?

Mr. NORRIS. This particular article, and parenthetically quoted as the "Judge." [Reads:]

THE "JUDGE" IN GREAT BRITAIN.

Mr. K. B. Fullerton ("The Judge"), first vice-president of the Manufacturers' Paper Company, of New York City, is on a prolonged holiday trip with his wife, two sons, and two daughters, "doing Europe." Mr. Fullerton and his family have been visiting the Lake district and Scotland, and are at present in France. In an interview with our Mr. S. Chas. Phillips, in Paris, Mr. Fullerton expressed himself as follows:

"I left New York toward the end of June last and know very little of the conditions obtaining just now in the American and European paper trade. I had intended taking this long tour with my family next year, but the conditions were so favorable—that is, having sold out every pound of paper, and with nothing further in sight—I decided to come over this summer.

"There was at the early part of this year about 60,000 tons of 'news' in stock in the United States, but all that has now disappeared. My company is responsible for about 300 to 320 tons of news paper per day—quite a lot to take care of. The trouble is that no new grinders have been put down in the United States mills to increase the production of ground wood for the past three years, and consequently there is not enough of that pulp to supply the requirements of all the mills in the States. There is an undoubted increase in the demand for paper, but no appreciable increase in the raw material to meet it. The present state of affairs is likely to continue. Our mills not being able to supply the extra demand, we have been obliged to look to Canada for all they can spare. Prices are undoubtedly good. I sold about 200 or 300 tons of 'news' at 3 cents (1½d.) net, just before I sailed.

"It is no use the British market looking to the States to come to the rescue, if, in consequence of the strikes and lockout in Scandinavia, Britain's mills are unable to fill their contracts, for there is no surplus available in the States for any purpose, and not likely to be.

"This is the biggest boom in the American paper trade I have seen for thirty-five years."

Mr. SIMS. Is Mr. Fullerton a Canadian manufacturer?

Mr. NORRIS. No; he is first vice-president of the Manufacturers Paper Company, located at 41 Park Row, New York City. The Manufacturers Paper Company is a selling agent for various mills in the East and in the West.

The CHAIRMAN. You may suspend, and as three bells have rung, we are now interrupted in the midst of the hearing by the demand in the House for a useless roll call. We are required to go over there, all of us, both sides, and vote "aye" to make a quorum.

At 11.35 a. m. a recess was taken until 2 o'clock p. m.

AFTERNOON SESSION.

The committee, pursuant to recess, reassembled at 2 o'clock p. m., Hon. James M. Miller in the chair.

Mr. MILLER. The committee will be in order. Mr. Norris, you may proceed,

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. Supplementing the letters which I read this morning, there were others which I did not then feel at liberty to submit, because they had been sent to me confidentially. But I have obtained permission to use them, and I will read them to the committee, if agreeable.

Mr. STAFFORD. Do I understand that you are going to submit all the letters that you have in your possession?

Mr. NORRIS. No; I am submitting additional letters here which have been sent to me bearing on this matter of quotations by the paper companies to newspapers.

Mr. STAFFORD. I understand you are not withholding any of that character of letters?

Mr. NORRIS. There is one that I have that I had not intended to submit until I received a telegraphic reply; that is, one set from one newspaper.

Mr. MILLER. Go ahead.

Mr. NORRIS [reads]:

ST. JOSEPH, Mo., October 22.

COMMITTEE ON PAPER,
Pulitzer Building, New York City, N. Y.

DEAR SIR: I am inclosing herewith the blank forwarded by you filled out as well as possible with information at hand.

For two years, in the early 1900s, while connected with W. D. Boyce, the Chicago mail-order publisher, I was engaged much of the time with the independent paper mill built by him at Marseilles, Ill. While so engaged I had occasion to make an exhaustive examination of the northwestern pulp wood supply, and, in lesser degree, into freight rates and general trade conditions. During this period I traveled hundreds of miles through the woods of Minnesota, Wisconsin, and Michigan.

I found, first of all, that there was plenty of wood left in all three of these States. It is true it is getting somewhat remote from the mills, but the conclusion inevitably to be reached is that the mills should go nearer the wood. The Fox and Wisconsin river mills should move toward and above the southern shore of Lake Superior. The Fox River mills are paying freight on wood from points north of Duluth—at that time from 6 to 8 cents per hundred. Boyce paid 11 cents from Duluth to Marseilles. The wood weighed on an average 4,700 pounds to the cord, but we got an estimated cord weight basis of 4,000 pounds to the cord. The barker took off 25 per cent of the weight, and 40 per cent of the balance was water, so that on an estimated weight of 4,000 pounds we had 1,800 pounds of merchantable pulp left out of each cord to go into the beaters. That was theoretically. As a matter of fact, the wood I bought averaged out over a ton of ground wood to the cord, and it cost on an average \$4.10 per cord f. o. b. Duluth. The freight from Duluth to the mill was \$4.40 a cord. Yet, when we came to get freight rates on the finished paper product (we were an independent mill), we were given practically no differential over the Fox River mills, which paid from 3 to 5 cents per hundredweight less freight on the wood from the forest to the mill.

For instance, the mill now shipping us our paper has a better of supply of wood on the whole—

Mr. STAFFORD. Pardon me right there. Who is this from?

Mr. NORRIS. G. H. Lauke, publisher of the St. Joseph Gazette, Missouri.

Mr. STAFFORD. He is talking—

Mr. NORRIS. As a paper man.

Mr. STAFFORD. From what you have read it gives me the impression that he is a paper manufacturer.

Mr. NORRIS. He explains that for two years in the early nineteen hundreds he had been connected with a paper mill built by W. D. Boyce, at Marseilles, Ill. [Continues reading:]

Yet, when we came to get freight rates on the finished paper product (we were an independent mill), we were given practically no differential over the Fox River mills, which paid from 3 to 5 cents per hundredweight less freight on the wood from the forest to the mill.

For instance, the mill now shipping us our paper has a better supply of wood on the whole—better quality—in a lower market to buy the wood than the Fox River mills, and then saves 5 to 8 cents per hundredweight in freight on wood. When it ships its finished product it gets the same freight rates to St. Joseph as the Wisconsin mills. You can readily see that this means a preference of \$2 to \$3.25 a ton on the ground wood.

I can not see why consumers should be forced by the mills to pay tribute to the new mills and for the cost of the mistakes of the mills in the old territory.

We have been told that the wood was costing the mills \$9 per cord f. o. b. Duluth, but on investigation I find that the prevailing prices in that market last winter ranged between \$6 and \$6.75 per cord. I also find that there is plenty of spruce between Duluth and the boundary—that it has been barely scraped.

In my days in the paper business, with a 12-hour shift (two a day), a fair quality of roll print could not be made at Marseilles at a profit at much less than \$2 per hundred-weight.

I looked for the mills to move farther north, and was so convinced of the handicap of our location, together with the advantages enjoyed by the General Paper Company mills, that the newspaper business looked better to me.

I have written quite fully information that may be of no value to you, in the thought that possibly it might prove of some interest or value. Of course, I shall hope to have this considered as confidential—

It has now been released—

and under these conditions if I can give any further information that would be of value shall be glad to do so.

My judgment is that for a mill sanely located, under the changed labor conditions—three shifts a day instead of two—\$2 per hundredweight for a thoroughly good quality of roll print, containing not less than 20 per cent sulphite (and a great many fairy tales are told about 25 and 30 per cent sulphite), is a fair price at the mill, and that more than that is in the nature of extortion.

Yours, truly,

G. H. LAUKE,
Publisher St. Joseph Gazette.

Mr. SIMS. What is the date of that letter?

Mr. NORRIS. October 22, 1907.

Mr. STAFFORD. He was complaining there of differentials that were being paid to the Fox River Valley mills as against the mills he was connected with in Illinois. Of course that would be obviated now under the interstate-commerce act, and the proper place to lay that complaint would be before that Commission.

Mr. NORRIS. We attach no value to that part of it.

Mr. STAFFORD. Do you attach any value to that part in which he says that the mills should be moved farther north because it is more economical, and that to-day it is rather expensive to continue the mills at their present establishments?

Mr. NORRIS. There may be material value in that in connection with the subject of other mills elsewhere, which were located on exhausted water courses and which were tributary to denuded timber tracts.

Mr. STAFFORD. As I understand that letter, he has since discontinued his connection with the manufacture of paper and has gone into the newspaper publishing business.

Mr. NORRIS. That is right.

Mr. STAFFORD. Do you know whether or not his connection with that concern was substantially successful, or whether the plant itself was a financially successful one?

Mr. NORRIS. I do not know. I have some letters to the Newburgh Daily News in reply to requests for quotations. [Reads:]

BERLIN MILLS COMPANY,
New York, June 1, 1907.

The NEWBURGH PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

DEAR SIR: We are in receipt of your favor of the 31st asking for quotation on your supply of news paper. We regret to say that we have no paper to offer. At the present time our entire product is under contract.

Thanking you for the inquiry, we remain, yours, truly,

BERLIN MILLS COMPANY,
M. S. FLEET, Agent.

GREAT NORTHERN PAPER COMPANY,
51 Wall Street, New York, June 1, 1907.

The NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMEN: Your favor of the 31st ultimo to hand. We thank you for the opportunity, but are not in position to make quotation at the present time. If you are in the market about the first of the year, when we expect our new mill to be in operation, we will be glad to take up the question of contract with you.

Yours, truly,

GREAT NORTHERN PAPER COMPANY,
G. B. WINGMAN, Assistant to the Vice-President.

F. W. FELCH,
127 Duane Street, New York, June 1, 1907.

The NEWBURGH DAILY NEWS,
Newburgh, N. Y.

GENTLEMEN: I have your letter of the 31st ultimo, and inclose you sample of No. 1 news, and if you want quality it is right here in this sheet, and do not think you can beat it as to good rolls, running qualities, and finish.

I will make you price of 2½ cents net, thirty days, delivered Newburgh, and trust at this low price that you can favor us with your contract.

Whether your contract is placed with us or some one else, the sooner you get it closed the better, as the market is stiffening and advancing all the time.

Thanking you for the inquiry, I remain,

Yours, truly,

F. W. FELCH.

THE PETTEBONE-CATARACT PAPER COMPANY,
Niagara Falls, N. Y., June 3, 1907.

The NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMEN: We are very much pleased to receive your inquiry of May 31, and have mailed you under separate cover samples of our news, and beg to quote you price on 100 tons of same in 34-inch and 17-inch rolls of \$2.45 per hundred pounds, freight paid to Newburgh in car lots, net cash thirty days.

Owing to present engagements being very urgent, we would ask you to accept our proposition not later than the 8th instant, if it is agreeable to you.

Yours, truly,

THE PETTEBONE-CATARACT PAPER COMPANY,
N. J. BAWKIN, Secretary.

OSWEGO FALLS PULP AND PAPER COMPANY,
Fulton, N. Y., June 3, 1907.

NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMEN: Replying to your inquiry of the 31st ultimo, would say we would take your contract for 100 tons 34-inch rolls, covering one year's supply of paper at a price of 2½ cents delivered f. o. b. your city in carload lots less 3 per cent for cash in thirty days.

We are inclosing you a sample of our paper and would say that we are furnishing all the papers in Middletown, N. Y., and in Poughkeepsie, N. Y., so that you can readily see our printed sheet if you desire. This offer is made subject to acceptance within one week.

Hoping to hear from you favorably, we remain, yours, truly,
 H. L. PADDOCK, *President.*

H. G. CRAIG & Co.,
261 Broadway, New York, June 3, 1907.

NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMAN: Replying to your inquiries of the 31st, addressed to the St. Regis Paper Company, and also the writer, would say we are pleased to quote you price on 100 tons of 34 and 17 inch rolls, to be delivered during the year in carload lots, a price of \$2.45 f. o. b. Newburgh, net cash thirty days, or 1 per cent for cash ten days from date of invoice. This is subject to immediate acceptance, which we have to request, owing to acute conditions that now exist.

Thanking you for the inquiry, and trusting we may hear from you, we are,
 Yours, truly,

H. G. CRAIG & Co.
 JAS. T. MIX.

FINCH, PRUYN & Co.,
Glens Falls, N. Y., June 1, 1907.

NEWBURGH DAILY NEWS,
Newburgh, N. Y.

GENTLEMEN: We regret very much not to be able to meet with your request to quote you on your paper contract. Owing to present contract orders which we have on our books, it will be impossible for us to take on any more business. However, if occasion arises at any future time that we are able to do so we will gladly communicate with you.

Thanking you for remembering us in this matter, we remain,
 Yours, truly,

FINCH, PRUYN & Co.,
 ALBERT NEWCOMBE,
Manager Paper Mills Department.

H. G. CRAIG & Co.,
261 Broadway, New York, June 5, 1907.

MR. FRED WILSON,
*Care of Newburgh News Printing and Publishing Company,
 Newburgh, N. Y.*

DEAR SIR: Regarding our conversation on the phone about your newspaper contract, if you will come down to New York at our expense we will be glad to take this up with you in person. I would go to Newburgh but for the fact that I am tied down with important business matters here and will be for the next few days. Please wire us upon receipt of this when you will come, and understand it is at our expense, for we feel sure that we can name you an attractive price that will be to our mutual benefit.

Yours, truly,

H. G. CRAIG & Co.,
 JAS. T. MIX.

NEW YORK AND PENNSYLVANIA COMPANY,
41 Park Row, New York, June 5, 1907.

Mr. F. W. Wilson,
President Newburgh Printing and Publishing Company,
Newburgh, N. Y.

DEAR SIR: Replying to your favor of June 3, we beg to say that we will renew your contract for paper for one year from the expiration of your present contract at \$2.40, freight paid to Newburgh, less a cartage allowance of $2\frac{1}{2}$ cents per 100 pounds, terms net cash thirty days.

In view of the present market conditions and the outlook for the future, we regard this as a very advantageous figure, and we trust to receive your acceptance promptly. We beg to thank you for your promise of preference on your business, and we can assure you if you decide to stay with us another year, we shall at all times devote our best attention to your interests.

Awaiting your reply, we remain, yours, truly,
NEW YORK AND PENNSYLVANIA CO.
J. NEIL.

F. DILLINGHAM & COMPANY,
Boston, Mass., June 6, 1907.

NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMEN: In reply to yours of May 31, we inclose sample of the quality of the news. The last quotation was \$2.35 at New York. Should you wish us to place the order on that basis, we will submit it to the mill.

Yours, truly,
F. DILLINGHAM & Co.

ST. GEORGE PULP AND PAPER COMPANY,
Norwalk, Conn., June 12, 1907.

NEWBURGH NEWS PRINTING AND PUBLISHING COMPANY,
Newburgh, N. Y.

GENTLEMEN: Your esteemed favor of the 11th instant is received and we regret to advise that at present writing our entire tonnage is sold. A few months hence, possibly by October 1, we would be in a position to supply you if our quality and prices suited, but should you wish paper for delivery before October 1, we would be unable to supply it.

Again thanking you for the inquiry and hoping to hear further from you in connection with the matter, we remain,

Yours, truly,
ST. GEORGE PULP AND PAPER COMPANY.

CHARLES IRWIN,
PAPER AND CORDAGE,
16 State Street, Rochester, N. Y., June 12.

The NEWBURGH NEWS,
Newburgh, N. Y.

GENTLEMEN: We have your esteemed inquiry for a contract on news. We hand you herewith samples of our paper and quote for 100 tons approximately, rolls basis, 24 by 36, 33 pounds, at $2\frac{1}{2}$ cents per pound f. o. b cars Newburgh; terms, net thirty days. Cores and waste to be governed by the usual terms made by all mills and jobbers. This is a strictly No. 1 paper made by a very large mill; in fact, they have several mills. Hoping to have your valued contract, we are,

Yours, truly,
CHAS. IRWIN.

PARSONS BROTHERS,
20 Vesey Street, New York, June 22, 1907.

NEWBURGH DAILY NEWS,
Newburgh, N. Y.

GENTLEMEN: We have somewhat delayed in quoting you on account of unsettled conditions of the price of news for 1908.

We are, however, now in position to quote you \$2.40 per 100 pounds f. o. b. Newburgh, net thirty days, for rolls wound on sulphite cores, for your year's supply of about 100 tons.

Trusting this will be attractive and that we may have your contract at an early date, we remain,

Yours, truly,

PARSONS BROTHERS,
Per Wm. C. Jupp.

TREADWELL PAPER COMPANY,
Watertown, N. Y., June 5, 1907.

NEWBURGH DAILY NEWS,
Newburgh, N. Y.

GENTLEMEN: Answering your esteemed favor of May 31, we quote you on 34-inch rolls, basis 24 by 36, 33 pounds, 500, \$2.50 per hundredweight f. o. b. mill, carload rate of freight allowed to your city. This price to be good for one week from date, and should you accept same we would put this in the form of a contract.

The price of 17-inch rolls would be the same. We inclose sample showing the average run of our paper. We shall be pleased to hear further from you.

Our terms are 3 per cent for cash in ten days, net thirty days.

Yours, truly,

TREADWELL PAPER COMPANY.

INTERNATIONAL PAPER COMPANY,
30 Broad Street, New York, June 1, 1907.

Mr. FREDERICK W. WILSON,
The Newburgh Daily News, Newburgh, N. Y.

MY DEAR MR. WILSON: We are in receipt of yours of May 31, and whilst we can assure you that we appreciate very much your disposition toward us, we regret exceedingly that we are not in a position to quote on your contract. Our entire tonnage is sold for a considerable period ahead and we have been out of the market since last fall, and beyond this do not expect to have any paper to sell for perhaps a year to come.

Cordially yours,

A. E. WRIGHT,
Manager News Division.

Mr. SIMS. What is the date of that?

Mr. NORRIS. [Reads:]

Our entire tonnage is sold for a considerable period ahead and we have been out of the market since last fall—

Mr. SIMS. What is the date?

Mr. NORRIS. June 1, 1907. [Continues reading:]

And beyond this do not expect to have any paper to sell for perhaps a year to come.

Mr. SIMS. I got that, but I just wanted to see the date, to see if the year had expired.

Mr. NORRIS. That would be from October, 1906, to June, 1908.

Mr. STAFFORD. What was the construction as to that, that you just put upon that, from June, 1907, to when, that they would not be in a position to supply any paper?

Mr. NORRIS. From October, 1906, to June, 1908. This letter was written June 1, 1908.

Mr. MILLER. June 1, 1907, was it not?

Mr. NORRIS. Yes; which would indicate that they had not sold any from October, 1906, and would not be able to until June, 1908.

Mr. SIMS. A year from that date?

Mr. NORRIS. Yes.

Mr. SIMS. Right in that connection, do you know whether or not, Mr. Norris, the International Paper Company exported any paper

within that period of time, exporting it to foreign markets covering the period of time to which he refers?

MR. NORRIS. I know from the published statement of Mr. Chable that they had been exporting a considerable quantity; that their average sale was 150 tons a day, if my recollection serves me, in foreign markets, as compared with 25 tons when the International Paper Company was first organized, and that in the last year they had been forced to buy, or had bought, in Canada 17,000 tons of Canadian paper which they had used to fill foreign orders, and had bought 2,000 tons in Germany for the same purpose.

MR. STAFFORD. So that the output of the International Paper Company was not sufficient to meet their contract demands for foreign shipment?

MR. NORRIS. It is open to that construction.

MR. STAFFORD. If you have finished with the letters——

MR. NORRIS. I have not. There is one more batch from New York.

MR. STAFFORD. I mean the letters from the Newburgh paper.

MR. NORRIS. Yes, sir.

MR. STAFFORD. I would like to ask, in that connection, for what purpose you present those various letters?

MR. NORRIS. As fixing dates upon which quotations were being made by these companies, and which, in connection with all the letters which may appear here from those companies, addressed in different directions, may tell stories which do not appear upon the surface. If, for instance, after they have announced that they are entirely sold, subsequently letters appear where they are inviting and soliciting and bidding upon business, it might open up possibilities. They are submitted, not upon any theory of that sort, but solely in response to the inquiry of one of the gentlemen of the committee for letters from the paper companies.

MR. STAFFORD. You are not submitting letters from the newspaper publishers unless they have some pertinent facts that will have some bearing on the investigation?

MR. NORRIS. Some bearing on the consideration of the questions likely to arise in this inquiry.

MR. STAFFORD. As I understand, to use a technical term in a lawsuit, you are laying a foundation?

MR. NORRIS. That is right.

Here is a letter from the International Paper Company, 30 Broad street, August 14, 1907.

Parenthetically, I may state that the Journal of Commerce has been receiving its paper from the Great Northern Paper Company. [Reads:]

INTERNATIONAL PAPER COMPANY,
30 Broad Street, New York, August 14, 1907.

MR. A. W. DODSWORTH,
Secretary "The Journal of Commerce,"
No. 52 Broadway, City.

DEAR SIR: We acknowledge receipt of your inquiry of even date, and beg to advise you that our present engagements for next year are such as to prevent our looking for any new business.

Thanking you for remembering us, we remain,
Yours, very truly,

A. E. WRIGHT,
Manager News Division.

BERLIN MILLS COMPANY,
New York, N. Y., August 15, 1907.

JOURNAL OF COMMERCE,
32 Broadway, City.

DEAR SIR: Replying to your favor of the 14th instant, would say that we are not in a position to quote you. In fact, we fear it may be necessary for us to drop some of the contracts that we have been carrying.

Yours, very truly,

BERLIN MILLS COMPANY.
W. B. MOORE, Agent.

FINCH, PRUYN & Co.,
Glens Falls, N. Y., August 19, 1907.

JOURNAL OF COMMERCE,
32 Broadway, New York City.

GENTLEMEN: We have held your letter of August 15 without answering same, for the reason that we are very desirous of making a proposition to you at this time and securing your valued business, and we have been trying to figure out some way whereby we could take this contract on. However, the great shortage of raw materials, and the corresponding increase in the consumption of paper on other contracts which we have had since the mill started does not warrant us in contracting for any more paper after January 1. However, we expect to have available for sale a portion of our product, sufficient to take care of your tonnage for deliveries after January 1, and if you could hold this matter open for a couple of months, we assure you of our best endeavors to secure your business.

We are making a quality of paper which we believe will compare favorably with that manufactured by any other manufacturer, and we respectfully call your attention to the Morning Telegraph, of New York City, and also the Wall Street Summary, both of which papers are being printed on paper manufactured by Finch, Pruyn & Co.

Trusting that you can leave the matter open until such time as stated above, we remain,

Very truly, yours,

FINCH, PRUYN & Co.,
ALBERT NEWCOMB,
Manager Paper Mills Department.

THE JOURNAL OF COMMERCE AND COMMERCIAL BULLETIN,
32 Broadway, New York, October 16, 1907.

MR. DON C. SEITZ,
Chairman Committee on Paper, American Newspaper
Publishers Association, New York City.

MY DEAR MR. SEITZ: We inclose herewith our answers to your inquiries regarding the paper situation. There is nothing further that we can say outside of the information inclosed herewith, with the possible exception that while it was generally known throughout the paper trade that our contract expired September 1, we did not have a single call soliciting our business, from any paper manufacturer, not even the Great Northern.

We waited for the Great Northern to call around on the subject, believing that we would be in a better position to negotiate than we would be if we asked them to call. We waited until the latter part of August and then directed them to take up the subject with us, with the result of an increase of $47\frac{1}{2}$ cents per hundredweight.

Our contract reads for \$2.50, but we have an underlying agreement which brings the price down to \$2.47 $\frac{1}{2}$ per hundredweight. While our relations with the Great Northern have always been friendly, this year we were treated quite differently, and they required an immediate decision, inferring to our minds that they were aware of the fact that nobody else would bid on our contract. This impression we gained at the time the negotiations were completed. The only call we received from any of the paper companies was from Mr. Scrimgeour, of the Manufacturers Paper Company, who professed to want our business, and promised to quote prices, and named the mill.

This information was never given to us and they have not even taken the trouble or displayed sufficient interest to find out where our contract landed. Kindly regard all the information thus far given to you as confidential,

since released—

and if any of it is of sufficient importance for you to ask for its release, kindly advise us before so doing.

Yours, very truly,

THE JOURNAL OF COMMERCE AND COMMERCIAL BULLETIN,
A. W. DODSWORTH, *Secretary*.

Now we are about to enter on another stage of our evidence, and we think that it will simplify the presentation very much and save a mass of time and fruitless inquiry on your part if we suggest to you that you at this time ask the paper manufacturers to furnish to the committee the following information:

The International Paper Company, the number of paper-making machines in its mills operated during the past six months in manufacturing news print paper, and the number so used during the year 1899.

Second, list of mills shut down since April 1, 1907, and for what period, and causes therefor.

Third, statement of average price per annum received by the International Paper Company at point of delivery for news print paper since 1898.

Fourth, list of contracts made or changed or readjusted since September, 1906, for news print paper, and prices fixed therein; that is, for news print paper, whether contracted for directly or through agents or jobbers; the quantities contracted for, and record of deviations from standard form of contract whenever such deviations appear.

Fifth, list of customers dropped, quantities shipped by it or on its account to places outside of the United States monthly for the years 1905, 1906, and 1907, and net price received thereon f. o. b. mill, and date of sale; that is, the monthly shipments and the dates at which the contracts for those shipments were made. In instances where manufacturing orders for foreign consumption were placed outside of the United States, state quantities and net prices f. o. b. mill paid thereon by International to the manufacturers.

Statement of amounts, if any, received by it, directly or indirectly, or by any selling agents from any pool for restriction of output.

Quantity of news print paper made by it in each calendar year since 1898, inclusive.

Quantity of news print paper made and sold by it in the United States in each calendar year since 1898, inclusive.

Quantity of news print paper made by it and sold outside of the United States in each calendar year since 1898, inclusive.

Quantity of news print paper in each calendar year since 1898 made for it outside of the United States and sold by it in the United States, giving net price paid by it f. o. b. mill for such paper and price netted by it f. o. b. mill.

Quantity of news print paper in each calendar year since 1898 made outside of the United States and sold by it outside of the United States, and net price paid by it f. o. b. mill for such paper, and price netted by it f. o. b. mill.

Also to the International Paper Company, average cost of manufacture of news print paper, f. o. b. mill per annum since 1898 of all mills and at each mill; average annual cost of labor per ton of output engaged in manufacture and in repair at all mills and at each mill.

The previous one should be average cost of manufacture of news print paper f. o. b. mill per ton of output per annum since 1898 at all mills and at each mill.

Great Northern Paper Company: Give a statement of average price per annum received by it at point of delivery for news print paper since 1901.

Similar statement from David S. Cowles, representing the Lisbon Falls Fiber Company, the Bowdoin Paper Manufacturing Company, and the Pejepscot Paper Company.

Also that the committee summon John Hanrahan, of 26 Broadway, New York; Mr. Dean, of Dean & Chable, 26 Broadway, New York; N. M. Jones, of the Katahdin Pulp and Paper Company; George Hardy; W. H. Hurlburt, traffic manager, formerly of St. Louis, now acting as traffic manager for the mills formerly associated in the General Paper Company in routing traffic; John A. Davis, of H. G. Craig & Co.; Mr. Hussey, Boston, selling agent of International Paper Company; A. E. Wright, New York, manager of sales, International Paper Company.

Also ask David S. Cowles, president of the American Paper and Pulp Association, to furnish all letters sent by him urging dealers to restrict output or maintain prices.

Mr. MILLER. You mean copies of letters?

Mr. NORRIS. Copies of letters.

Mr. SIMS. As I understand, Mr. Norris, you wish those parties to be summoned and examined before the committee on the subject of the inquiry embraced in the resolution?

Mr. MILLER. Of course we will take that matter under consideration as soon as we get an official copy of the report. I understand you want us to request at this time that they furnish us with copies of all the things enumerated?

Mr. NORRIS. The preparation of that data by those folks at that time will simplify your work. It will avoid unnecessary testimony, the presentation of it on our part, as to what has been the cost of labor or the materials entering into it. The reason why I have suggested that is we have a statement here from Mr. Cowles, the president of the American Pulp and Paper Association, assumedly the highest authority in all the paper business, the chosen representative of all the groups of paper industries in the United States, who wrote as follows, a letter which appeared in The Paper Mill under date of Saturday, September 14, 1907 [reads]:

REAL SCARCITY OF PAPER

David S. Cowles, president of W. H. Parsons & Co., representing the Bowdoin Manufacturing Company, the Lisbon Falls Fiber Company, Pejepscot Paper Company, and other paper and lumber interests, writes:

"Every indication points to the fact that the consumption of news paper has rather more than overtaken the production, and with the natural yearly increase in consumption it would seem as though there would be a real scarcity of news paper during 1908, and perhaps for a much longer time. The cost of labor in the large mills has increased practically 50 per cent, owing to the adoption of the three-four system. The price of spruce wood pulp has advanced in the last two years more than 50 per cent, and there has also been a very heavy increase in the cost of all the various articles that go into the manufacture of pulp and paper.

Mr. RYAN. Is it your contention that that is true?

Mr. NORRIS. Our contention is that that is absolutely false, from his own figures, and the figures of every one of these paper companies

will show it, and will show that there is absolutely no justification for this extraordinary increase in price of \$12 per ton, which was uniformly made by these companies during those two years.

Mr. RYAN. The statements there about their wages increasing and—

Mr. NORRIS. I say that they are absolutely false, and that his own figures, we believe, will establish that fact, so that we will establish out of his own mouth that these representations or these justifications for this enormous increase in the price of wood he knew to be false when he uttered them.

Mr. STAFFORD. Do you question the contention of the manufacturers, as published in the newspapers, that a portion of the labor cost increase is due through the shift from the two-tour system to the three-tour system?

Mr. NORRIS. We do; and I am prepared this afternoon to take up that, and the matter of the cost of the wood, in order that you may have a basis for these inquiries of these paper companies with respect to the increases in the cost of manufacture f. o. b. mill, in order that your time need not be wasted with the mass of testimony which we might present on those things. I will present enough to justify you in making that inquiry, in order that you may settle definitely from their own books whether it is wrong, whether we are wrong or they are wrong.

Mr. SIMS. Did you read the whole article?

Mr. NORRIS. There is one more paragraph. [Reads:]

The present market appears high in comparison with the low prices that have prevailed during the last two years, but the apparent advantage to the manufacturer is less than is generally supposed, owing to the increased cost above referred to. I can not see anything which for a long period of time is likely to cause a decline in the market.

Mr. NORRIS. This was a formal notice by the highest authority, presumably, in the paper business that we were confronted by a paper famine and we were put on notice that prices were to go higher; that there would be a question as to supplies for all papers; and we were put upon notice to ascertain whether that famine was artificial or whether it was the result of natural causes, or causes which were beyond the control of the gentlemen who were in that arrangement.

Mr. SIMS. Your contention is that the reasons given by him in that article for the advance are not true?

Mr. NORRIS. Absolutely without basis, as I think I can establish prima facie to the satisfaction of this committee.

Mr. MILLER. Before you go into the other branch of the case I want to call your attention to those letters that you have laid to one side. Are they all—

Mr. NORRIS. These are merely my fragmentary notes. These reports of the papers to us—

Mr. MILLER. What I want to get at is, you have laid one letter aside and said it was a confidential communication, and for that reason you laid it aside, not having the authority of the author to present it. Do you intend to try to get his permission?

Mr. NORRIS. I have telegraphed, and I expect that possibly at the hotel now it is awaiting me.

Mr. MILLER. I simply wanted to say, in behalf of the committee, that we would require the production of everything you have, whether it is of a confidential nature or not, and of course it is better

for you to protect yourself by getting permission if you can. But if you can not, the committee will still require you to present it.

Mr. NORRIS. That is entirely within your province, and I am not disputing it in any way. I also call attention to the published statement of Chester W. Lyman, of the International Paper Company, printed in the Paper Trade Journal of April 16, 1908, which contains a number of statements which we are quite sure we will demolish, and show that the reasons set up for the increased price of paper have not the justification which has been alleged by this gentleman. [Reads:]

Chester W. Lyman, of the International Paper Company, was in town on Saturday last in connection with the agitation for the repeal of the duty on pulp and paper—

Mr. RYAN. What is the date of that letter, Mr. Norris; you said Saturday last?

Mr. NORRIS. April 16 is the date of the publication. It would evidently be about April 11, two or three weeks ago. Mr. Lyman is here in the city to-day. [Continues reading:]

Chester W. Lyman, of the International Paper Company, was in town on Saturday last in connection with the agitation for the repeal of the duty on pulp and paper. On being asked what he had to say about the alleged combination among the paper manufacturers as the result of which the price of print paper is alleged to have been raised within the last few months 35 per cent, he said that the statement was absolutely untrue; that in the first place there is no such combination, and that his company, which is by far the largest in the country, would welcome any investigation on that line by the Department of Justice or any committee of Congress, and that in the next place, speaking from the standpoint of his company, the price of 1908 as compared with 1907 will show an increase not exceeding 7 per cent. "This is made absolutely necessary," he said, "by reason of the increased cost of manufacturing caused by increased labor cost. We pay common labor about 43 per cent and skilled labor from 33 to 50 per cent more than we did in 1908, when we were getting practically as much for our product as we did last year. Since last June we have been running our mills on eight-hour shifts, in place of twelve, resulting in the employment of 3 men to do what was formerly done by 2."

Mr. Lyman said further that there had been a great increase in the cost of raw materials—

Let me ask the stenographer to write this, as I wish to keep this paper. [Reads:]

Mr. Lyman said further that there had been a great increase in the cost of raw material, the wood bought by them costing now 74 per cent more than it did in 1898, when his company was organized; that while nearly everything else that enters into common use is very largely increased in market value the average price of their company's paper will show an increase over 1900 of not more than 8 per cent. He said that the last dividend on their preferred stock was only on the basis of 4 per cent, and that the company has never paid more than 6 per cent; that with the exception of three quarterly dividends of 1 per cent each during that first year no dividends have ever been paid on the common stock of his company. "One of our largest competitors has passed its last two dividends entirely," he said. He claimed that the actual cash value of the International Paper Company's property greatly exceeds its bonds and preferred stock, and that his statements will be confirmed by an investigation if the Government wants to make one. He knows of no business that is run on a closer margin or on which more constant efforts have been made to introduce economies in manufacture and distribution. He said a repeal of the tariff, especially at this time of great business depression, would be a serious blow at this industry, in which \$277,000,000 were invested in 1905—employing 70,000 persons.

Mr. Lyman said that the idea of taking off the duty to save the forests is ridiculous; that the amount of wood cut in the United States for paper making is one of the most insignificant factors in the problem of forest preservation. According to Government figures it is only 1.6 per cent of the total drain on our forests, that there is no duty on pulp wood and that Canadians sell large quantities to us; that more wood is cut every year for railroad ties, on which there is a duty of 20 per cent, than for pulp wood, and more for shingles, with a duty of 30 cents a thousand, while lumber, which is one-half the whole drain on the forests, has a duty of \$2 per thousand feet.

It is flagrantly inconsistent to single out paper and pulp for attack on the ground of preserving the forests. If repealing the duty would have any effect it would be just the reverse. The Canadian mills are now running full and dumping paper into the United States, where many of our mills are shut down from lack of orders on prices for which they can afford to manufacture.

May I make just a few comments at this time in order to illuminate the committee?

Mr. MILLER. Certainly.

Mr. NORRIS. The Canadian mills are running at this time because the American mills have combined to maintain prices at such a high figure as to throw their labor into idleness; that Canadian mills can pay \$6 per ton in freight and duty and undersell the price which this combination has fixed as its selling price.

Mr. RYAN. What percentage of the print paper used in this country for newspaper work is brought in from Canada?

Mr. NORRIS. Oh, very little. I have not the recent figures, but it has been up to this recent price flurry almost negligible. My figures ten years ago showed that the whole revenue was only about \$43,000. I may be wrong on that. That would be about 7,000 tons shipped in. I have some figures which I will present on that subject as to the total imports of the various items comprising the paper imports, and the news print paper is so small that it is my recollection now it is not included in the list at all, because substantially there has been no importation of news print paper; that is, the Canadian mills at the prices which had been prevailing prior to this raise could not meet that sort of competition.

Mr. RYAN. You will corroborate that by facts later on?

Mr. NORRIS. By figures.

Mr. RYAN. By figures.

Mr. NORRIS. By figures—customs figures.

Mr. STAFFORD. Will you give the basis for your statement that the Canadian mills are being run overtime, or being run with a full complement or force, and also that the American mills have been shut down to the detriment of American labor?

Mr. NORRIS. Mr. Lyman is the authority for the statement that they are running full.

Mr. STAFFORD. Which mills are running full?

Mr. NORRIS. The Canadian mills. Mr. Lyman says Canadian mills are now running full and dumping paper into the United States.

Mr. RYAN. Well, are they running full?

Mr. NORRIS. Our information is that they are.

Mr. STAFFORD. What information?

Mr. NORRIS. Our information from Canadian sources, from Canadian newspapers.

Mr. MILLER. Have you anything on that subject?

Mr. NORRIS. We have some figures merely of importations from there.

Mr. STAFFORD. Yesterday you were unable to state the number of mills in Canada that were engaged in this paper manufacture.

Mr. NORRIS. You may ask a number of questions which I can not offhand, from the recesses of my mind, give you. I will give you accurately—

Mr. STAFFORD. Oh, I beg your pardon. I understood yesterday from your statement that you did not have that information at hand at all; that you could not furnish it.

Mr. NORRIS. Oh, I have data. I think in my reply I said that Post's Paper-Mill Directory showed fairly what the output of the Canadian newspaper print mills was, and Mr. Mann sent for it and we found that it was an edition two years old, and he has sent for a later edition.

Mr. STAFFORD. Is your information based upon the information disclosed in the Post's Directory or is it—

Mr. NORRIS. Not entirely; upon that and upon Canadian publications, notably the series of publications made by the Toronto Globe in a little brochure, which it issued last October, entitled "Pulp Wood." It was a grouping of about 20 articles. I will submit that brochure to you as part of the Canadian literature on that subject, giving the Canadian view, giving interviews by Sir William Van Horn, and by various Canadians upon the whole proposition of an export duty on pulp logs, and the related topics.

Mr. SIMS. Mr. Lyman, you say, is with the International Paper Company?

Mr. NORRIS. Mr. Lyman represents the International Paper Company on occasions. He is the manager of its insurance department, and is a gentleman who is saturated with encyclopedic information, from the paper company's standpoint.

Mr. SIMS. He is considered an authority?

Mr. NORRIS. I think Mr. Lyman, without intending any disparagement, is a fine type of press agent.

Mr. SIMS. He is supposed to know the facts about the Canadian mills that he referred to.

Mr. NORRIS. He is supposed to know what he says he knows.

I want to call attention to the fact that he says: "We pay common labor about 43 per cent and skilled labor from 33 to 55 per cent more than we did in 1898." The implication would be that because skilled labor or common labor was paid more than formerly, therefore the cost of manufacture had been increased correspondingly. But we will submit to you data showing that meanwhile the processes of manufacture had changed. That is, ten years ago paper machines were 100 and 120 inches wide. Now they are 150 and 164 inches wide. Then they ran about 350 feet per minute. Now they run from 550 to 612 feet per minute. Then they made about 20 to 25 tons a day by machine. Now they make 46, 47, to 50 tons of paper a day. All of these facts, by reason of the increased output per machine, tends to reduce the labor cost per ton of paper produced, with substantially the same crew, so that it might be possible for the paper company to pay 33 per cent more for skilled labor operating on a paper machine, and yet, if it produced double the quantity, the labor cost per ton of output would be materially reduced.

Mr. STAFFORD. Have you any data showing the amount of labor that enters into a ton of paper output?

Mr. NORRIS. Our data is not of a character that could stand beside the exact record of the paper company, to which you must come. I have, however, if you will pardon me until I finish this, I have the contract of the International Paper Company with the labor union, whereby it fixed the three-tour system, changed from the two-tour to the three-tour system, and I will submit to you data as to percentages and as to savings which will completely upset, I think, the claim made by Mr. Cowles as to labor cost having been increased 50 per cent, and

the statement—implication, not the direct statement—in Mr. Lyman's statement that the labor cost has increased 33 per cent. He does not say that, but it leaves that impression to one who is not watching for the nice distinctions of phrasing.

Mr. STAFFORD. When was that change made from the two-tour system to the three tour, and was it general throughout the country or only in limited localities?

Mr. NORRIS. The agreement will show accurately the time when it was to go into operation in each mill of the International; and there are some mills which have not yet adopted it. There was one mill which adopted it, the St. Regis, and later went back to the two-tour system. I am speaking of news print paper mills. I have not the accurate information as to how many or what proportion of the total output of news print paper to-day is made on the three-tour system and what proportion on the two-tour system. But I think I can show you, whether they worked on a three tour or on a two tour, that with the give and take between the employer and employee the disparity is not what it would seem, and what would be conveyed by the statement that they now employ three men to do what two men did before.

Mr. SIMS. Let me ask you there in that connection. If I get this gentleman's statement correctly, he accounts for all the advance which has taken place by the advance in materials and in the cost of labor, or in the increase of freight, leaving nothing due to the existence of a duty. Then why will it hurt them to remove the duty?

Mr. NORRIS. Mr. Dillon is the only one who has brought in the freights that I recall. Mr. Cowles and Mr. Lyman based it entirely on labor and on wood. Mr. Dillon has a special reason for knowing that freights have been raised, because he helped to raise freight rates.

Mr. STAFFORD. I might interpolate there, Mr. Sims, that from public statements I have read, they claim that the labor cost in Canada is much less than the labor cost in this country, and therefore the Canadian manufacturer would be at an advantage over the American manufacturer.

Mr. SIMS. If I caught it there, one of those gentlemen stated that it would be ruinous to remove the tariff; but in giving the items of the grounds for the advance he gives enough independent of the tariff to account for the advance.

Mr. NORRIS. I will promise to give Mr. Stafford and the committee, especially for the illumination of Mr. Stafford, a statement from Sir William Van Horn, president of the Laurentide Paper Company, at Grand Mere, Quebec, near Montreal—and there is probably no better authority on the subject in Canada—who says that the American paper mills have a distinct advantage over Canadian mills by reason, first, of the fact of their skilled labor; next, by reason of the cheaper supplies; next, by reason of the cheaper machinery; next, by reason of proximity to markets; next, by reason of lower rates on exports; next, by marine insurance rates.

Mr. STAFFORD. You have already given that statement here at one of the former hearings.

Mr. NORRIS. I did not recall it.

Mr. STAFFORD. And the statement of Mr. Van Horn would only offset, as far as authoritative value is concerned, the statements of the American manufacturers. For one, but I believe I can speak for the committee, I would rather have the real facts as to the cost

of labor in America and the cost of labor in Canada, so that we can pass upon it and not take these mere hearsay statements of interested persons.

Mr. RYAN. Whether or not in each case they would work more hours here than there, or there than here?

Mr. NORRIS. Sir?

Mr. RYAN. Whether on the same basis of hours of labor; whether it is an eight-hour work day or twelve-hour work day.

Mr. NORRIS. Well, I do not know that I have any data on the Canadian cost. If we can get it we may present it, but we do not feel that we are charged with the special task of finding the cost of Canadian labor. We are entirely willing to furnish everything that we have.

Mr. STAFFORD. You may not be charged with that, but you will grant that it is pertinent inquiry for this committee to determine the whole labor cost in each of the countries so as to determine whether there is need of continuing the tariff on print paper and wood pulp.

Mr. NORRIS. I have no doubt that the paper makers will undertake to furnish such data as the gentleman calls for, and that if it is inaccurate it can be readily offset.

Another statement of Mr. Lyman: "One of our largest competitors has passed its last two dividends entirely." Mr. Lyman refers to the Great Northern Paper Company. The Great Northern Paper Company has been building and is building an addition to its plant at East Millinocket, to turn out somewhere around 96 tons of paper a day, or two machines.

Mr. MILLER. Where is East Millinocket?

Mr. NORRIS. East Millinocket is up in Maine; I think it is on the Penobscot.

Mr. MILLER. Are you making the statement as your own statement, or do you have some evidence on that?

Mr. NORRIS. As to where the Millinocket mill is?

Mr. MILLER. As to the improvements that they are making.

Mr. NORRIS. Oh, I know that they are making them.

Mr. MILLER. How do you know it?

Mr. NORRIS. Well, I know it from the paper people themselves.

Mr. MILLER. Well, have you anything here to present to the committee aside from your statement as to what they told you?

Mr. NORRIS. I will furnish to the committee, if it desires—

Mr. MILLER. We certainly do.

Mr. NORRIS. When the Great Northern Paper Company appears here, as probably Mr. Dillon will, to explain the increase in freight rate, you will be equipped to ascertain whether the Great Northern Paper Company is increasing its output.

Mr. MILLER. All I want to know is where I can find out.

Mr. NORRIS. That statement is preliminary to this statement that the Great Northern Paper Company is supplying approximately 200 tons of paper a day to two New York papers at prices below 2 cents, and that on the low price received by it on that proportion of its output, anyhow, we expect to show or expect to prove by statements of the Great Northern officers that it is making substantially a profit of \$10 a ton on its present output; that therefore the companies which are in the combination to maintain high prices are holding the

umbrella over the Great Northern and over the modern mills located at advantageous points and enabling them to reap large profits.

Mr. SIMS. Mr. Chairman, I want to interject a word right there. I do not understand, in making this kind of an investigation, that we have to apply the rules of admissibility of evidence with the strictness we would in the trial of a lawsuit in court.

Mr. NORRIS. I have not assumed that we would be tied down.

Mr. SIMS. I understood the chairman. I want the facts, and you referred to the increase of the plant at Millinocket.

Mr. MILLER. No; all I asked Mr. Norris was that he furnish to the committee whatever he might have bearing upon that proposition, or furnish to the committee the source from which we can obtain the information.

Mr. NORRIS. You can get all that information from the Great Northern Paper Company, which will be delighted to furnish it to you. We have the data in various ways—the announcements of the officers on starting the work of building, the completion of the various machines, the reports of its running, the product per machine per day, in order that they might take some pardonable pride in the character of the installation which they had made. But when the statement is made that one of the largest competitors has passed its dividend it would seem to imply that that is a poverty cry, whereas it is simply the gorge of profits going into the treasury and into the installation of that plant.

Mr. SIMS. I was just going to ask you if the earnings were consumed in the new construction, wholly or in part, instead of being applied on dividends.

Mr. NORRIS. I assume that instead of paying dividends the company is placing the profits in new machinery and new plant, in order that it might increase its output and increase its profits correspondingly.

Mr. SIMS. Then you do not know whether they borrowed money or issued new stock or bonds or simply used the earnings of the company?

Mr. NORRIS. The latest reports that I have seen give the common stock of that company at \$5,000,000 and the bonds at \$3,000,000. I have here, if you want it—I was going to put it in later, in connection with another phase of it, but I can put it in at this time if you want it—from Poor's Manual, I think it is—

Mr. MILLER. I think you better put it in in the way in which you have it arranged.

Mr. NORRIS. Yes; that will be better.

Mr. SIMS. What I was trying to find out is whether the dividend was passed because they did not earn, or make dividends, or whether the money which should ordinarily have gone into dividends went into new construction.

Mr. NORRIS. Well, it would hardly be passing the dividends if the statement is accurate, as made by one of its officers, that it is making a profit of \$4,000 per day on an output of 400 tons. I also submit a statement from the Paper Trade Journal of January 3, 1908, purporting to give reports of meetings of various paper groups, to show no change in prices; that is, with a declining demand for paper of all kinds the manufacturers meet and affirm all old quotations, meaning the high quotations which had been adopted prior to October, 1907. This report purports to give accounts of separate meetings of mill men

held in New York last week—that is, prior to January 23, 1908—at which practically the same action in regard to prices was taken by the manufacturers. It covers proceedings of the manila and fiber men, of which it says: "The manila and fiber men stick to old prices." "The sulphite manufacturers hear reports on tonnage." "No cutting in tissues." "Output of binder's board reduced." "The bag makers convert the dealers—all good now." I submit the statement.

(The statement submitted is as follows:)

NO CHANGE IN PRICES—MANUFACTURERS MEET AND AFFIRM OLD QUOTATIONS—ALL CONFIDENT—SEPARATE MEETINGS OF MILL MEN WERE HELD IN NEW YORK LAST WEEK AT WHICH PRACTICALLY THE SAME ACTION IN REGARD TO PRICES WAS TAKEN BY THE MANUFACTURERS.

Meetings of manufacturers representing various branches of the industry were held in New York last week for the purpose of discussing prices, production, and trade conditions in general. A series of meetings for the same purpose were held a month ago.

It is understood that certain conditions which, if allowed to exist, would have worked injury to the general market situation, have been satisfactorily adjusted by the manufacturers. The opinion was expressed by manufacturers present at the different meetings that a more thorough understanding now exists between the mills in the several branches of the industry.

The reports submitted at the different meetings showed that the mills are not being favored with much new tonnage, and that most of them continue to operate on part time. Some are still closed down temporarily for lack of business.

Despite the curtailment in the demand it was agreed at all the meetings that it would be disastrous to attempt to readjust prices at this time. It was thought best to continue the course being followed at present of reducing the output to meet the demand.

The different divisions of the trade represented at the meetings were the Manila and fiber, sulphite, tissue, binders' board, and paper bag branches.

THE MANILA AND FIBER MEN STICK TO OLD PRICES.

The meeting of the manila and fiber manufacturers was held on Wednesday and Thursday, with representatives present from all the larger mills in the country. The meeting was perfectly harmonious in every respect, although some heated discussions took place on questions of much importance to the mills. A revision of gradings on some classes of paper was one of the questions which was discussed at length. The question of changing basic weights on bag paper was another one which aroused considerable interest. It was agreed that present prices should be maintained.

The following official announcement was given out in regard to the meeting:

"At a meeting of manufacturers of manila and fiber papers in New York it was decided that present prices should be reaffirmed, and that no reduction should be made for spring trade. Jobbers can, therefore, with confidence advise their trade of this action, and inasmuch as there has been a great curtailment of production during the past few months and the stocks of the trade have been reduced to a minimum, manufacturers think it well to advise the jobbers to anticipate their wants as far ahead as possible, so they will have the required paper when the demand for it springs up."

THE SULPHITE MANUFACTURERS HEAR REPORTS ON TONNAGE.

The sulphite manufacturers met on Friday and statistics covering the production of that commodity were submitted in the shape of a report. The work of compiling trade data was arranged for at the last meeting, and the complete figures giving a full analysis of the manufacture of sulphite were received with much satisfaction. Business was reported quiet by nearly everyone present, and the fact that the paper mills have requested deliveries on contracts delayed some of the manufacturers stated that they were forced to continue the curtailment of production at their plants. The manufacturers decided to reaffirm present prices.

NO CUTTING IN TISSUES.

The manufacturers of tissue paper held their meeting on Thursday of last week. The question of prices received the most attention. All those present claimed they were maintaining prices, despite certain reports to the contrary. As in the other branches, the demand was reported slow, with some of the mills only running on part time. It was decided not to make any change in prices.

OUTPUT OF BINDERS' BOARD REDUCED.

The regular monthly meeting of the binders' board manufacturers was held on Wednesday at the Murray Hill Hotel. Nothing but general trade matters were discussed at the meeting. It was stated that business was dull, and some plants were reported as having reduced their output. Prices, it was agreed, should be sustained.

THE BAG MAKERS CONVERT THE DEALERS—ALL GOOD NOW.

In view of recent happenings in the paper-bag business, the meeting of the bag manufacturers, which took place on Thursday, was unusually interesting. The price question took precedence over everything else at the meeting. The bag business has been very quiet recently, yet it was openly stated that prices were being cut, thus practically demoralizing the whole trade, particularly in New York. After this matter had been thoroughly thrashed out it was again agreed to maintain prices at the old figures. The dealers, as a result of a conference with some of the manufacturers after the meeting, have also consented to the upholding of prices.

Mr. NORRIS. I also submit a memorandum from the market review of the Paper Trade Journal of April 16, 1908, "One large eastern selling agency controlling a big output of news paper has reduced its prices on small tonnage orders." I want to call your attention to that, because, although it is within the last few weeks, it is the first gleam we have had of any rift in the clouds or any break from these arbitrarily high prices of last fall.

Mr. STAFFORD. Is it stated how much the prices have been reduced?

Mr. NORRIS. It has not.

Mr. STAFFORD. Have you any information as to the amount of the reduction?

Mr. NORRIS. The offering, we understand, is at \$2.25.

Mr. STAFFORD. Instead of what?

Mr. NORRIS. From \$2.50. There is no occasion to print all that review. I have that one statement in, and what it is taken from. I merely extract two lines from the whole page.

Mr. SIMS. No.

Mr. NORRIS. I submit also a statement from the Paper Trade Journal of April 9, 1908, in an article headed "The tariff and the price of paper," on page 30, the following:

In January, 1908, and for many months previously the selling price of news print in London has been from \$2.35 to \$2.50 per hundred pounds, according to quality and location.

I merely submit that as one item in the problem which you may take up later in connection with the relation of the foreign prices to American prices. Also, on page 32 of the same publication, in the same article, the following sentence occurs. I will give the whole sentence, because, possibly, it might be unfair to give a part of it. I simply wanted to extract the fact from it. [Reads:]

If the United States tariff is the cause, will the publishers explain how it comes about that in England, which has no tariff on pulp, and where all their raw materials and supplies and labor, both skilled and unskilled are very much lower in prices than in the United States, the price of news print is to-day from \$2.30 to \$2.50 per hundred pounds? Why also in Holland, Germany, where in many places wages are but a third of those in the United States, the price is \$2.25 to \$2.30 per hundred pounds, and in France, with free raw material, from \$2.90 to \$3.10?

I also call attention to dispatches in the publication known as the "Paper Mill," of February 15, 1908, saying, "Heavy Wisconsin snowfall assures power in the spring and makes logging good," as a basis of prices for wood this spring.

(The extract submitted is as follows:)

BOTH WATER AND WOOD—HEAVY WISCONSIN SNOWFALL ASSURES POWER IN THE SPRING AND MAKES LOGGING GOOD.

[Correspondence of The Paper Mill.]

APPLETON, Wis., February 13, 1908.

There is no longer any question about water-power conditions in Wisconsin next spring. Already the State is buried under more snow than has fallen here in recent winters. Eighteen inches of snow on the level is a conservative estimate of Wisconsin's present supply of "the beautiful." This means an enormous amount of water in the spring, even if more snow does not fall in the meantime.

The heavy snowstorms of last week played havoc with Wisconsin railroads. Practically every road in the State was tied up for two days. Northwestern trains were from two to eight hours behind schedule, and some of the freight trains were abandoned for a day. Switch yards in this vicinity were congested, and things generally on transportation lines were in deplorable condition.

But up in the lumber woods everybody is all smiles to-day. The snow, although there was a trifle more than needed, was just what was necessary to start things moving. Every camp in the north is now fully manned and all is activity. Thousands of cords of cut timber will be on the way to rolling stock within the next few weeks, and the shipment of pulp wood to valley mills will be resumed in earnest next week. The receipts during the snowstorms of last week were very small.

WISCONSIN.

Also, in the same paper of February 19, 1908, showing "Good weather in Maine—Conditions now entirely favorable for sledding the pulp wood already cut to the streams," wherein it is stated that every operator has cut all the logs he started in to get.

The article referred to is as follows:

GOOD WEATHER IN MAINE—CONDITIONS NOW ENTIRELY FAVORABLE FOR SLEDDING THE PULP WOOD ALREADY CUT TO THE STREAMS.

[Correspondence of The Paper Mill.]

BANGOR, ME., February 13, 1908.

The question of sledding in the lumber woods is settled, for the present at least. The cutting of logs is now practically completed and the operators are engaged in hauling the winter's cut to the landings. There never has been a better season for cutting timber, and if the lumbermen have equally good luck in getting the logs to the landings it will be a successful year. The lack of snow until late in the season, while it retarded moving the logs, made cutting them easier than usual, and the lumbermen gained in this.

The recent storms have put the finishing touch to the sledding in the woods. There is now an average of very nearly 2 feet of snow in the lumber woods. In the extreme northern sections there is more than this, while in the operations in the southeastern part of the State, on the Passadumkeag, Mattawamkeag, and St. Croix waters, there is about 15 inches of snow. Practically every section of the State where lumbering operations are in progress reports good hauling conditions now. The snow for the most part is fine, no rain having struck the lumber region, as it did Bangor, but the cold weather makes it easy to ice the roads by using the sprinklers.

The present outlook is encouraging for the lumbermen. Practically every operator has cut all the logs he started in to get. Those who are still cutting are those whose operations are near water and the logs can be dragged to the landings from the stump. The matter of driving water doesn't worry the lumbermen much. The heavy rains last fall left the lakes and reservoirs full, and even without a great depth of snow or rain in the spring a good driving head is pretty well assured. So about all the operators have to fear now is an early breaking up of the roads, which would necessitate leaving many logs in the yards. That isn't very likely, though of course it is possible, as good hauling can usually be counted on all through March, and by that time the operators will have their logs well taken care of.

J. C.

I submit at this time a memorandum from Poor's Manual on the financial statement of the Great Northern Paper Company, incorpo-

rated in Maine in 1899, to manufacture paper, showing capital stock of \$5,000,000, and bonds of \$3,000,000, first gold fives, a total capitalization of \$8,000,000 on an output now of at least 400 tons per day, or a capitalization of substantially \$20,000 per ton of daily output. This point of capitalization per ton of daily output becomes quite important when compared with the statement of the International Paper Company, the contrast being made between a modern mill as compared with a collection of antique mills.

(The statement submitted is as follows:)

GREAT NORTHERN PAPER COMPANY.—Incorporated in Maine in 1899, to manufacture paper. Company owns an extensive plant at Millinocket, Me.; also timber lands at Crocker Township, Me., acquired in 1905.

Capital stock.—\$5,000,000. Par, \$100. Dividends on common, 6 per cent per annum quarterly, March 1. Transfer office, 49 Wall street, New York.

Bonds.—\$3,000,000, first gold fives; dated July 1, 1902; due July 1, 1927. Int. J. & J. 1 at Knickerbocker Trust Co., New York. Denomination, \$1,000. Sinking fund is \$2.50 for every 1,000 feet of mortgaged premises, to be invested in the bonds at not exceeding 105 and interest. Up to March 1, 1907, \$436,000 had been purchased for the fund.

Officers.—Garret Schenck, president; Wm. B. Dillon, vice-president; J. S. Barnes, jr., treasurer. Directors: Garret Schenck, W. B. Dillon, Oliver H. Payne, E. H. Haskell, A. G. Paine, Eugene Hale, jr., Lewis Cass Ledyard, J. S. Barnes, jr., Payne Whitney.

Annual meeting, third Wednesday in January at Bangor, Me.

New York office, 49 Wall street.

Mr. SIMS. Can you state in that connection what it is in the International Company?

Mr. NORRIS. I have a similar statement of the International Paper Company purporting apparently to give the statement which is usually furnished by the company itself to these publications, and showing capital stock authorized, or capital stock outstanding. I do not think it is fair to give the authorized capital stock if it is not outstanding—I give both, but I have reference to that to which I called the attention of the committee—\$22,406,000 preferred and \$17,442,000 common, close to \$40,000,000 in stock.

Mr. SIMS. What are the bonds?

Mr. NORRIS. The bonded debt of \$9,771,000 first gold 6s, and \$6,000,000 consolidated convertible gold 5s, dated January 1, 1905, would make substantially a capitalization of \$55,000,000. But the balance sheets show other items, notes and account payable and various other items, which bring up the liability to about \$62,000,000 or \$63,000,000. Roughly, the International Paper Company is capitalized in excess of \$40,000 per ton of daily output.

(The statement submitted is as follows:)

INTERNATIONAL PAPER COMPANY.—Incorporated 1898 in New York and has pulp and paper manufacturing plants at the following places: Glens Falls, N. Y.; Cadyville, N. Y.; Fort Edward, N. Y.; Palmers Falls, N. Y.; Bellows Falls, Vt.; Milton, Vt.; Franklin Falls, N. H.; Berlin, N. H.; Chisholm, Me.; Jay, Me.; Livermore Falls, Me.; Rumford Falls, Me.; Crono, Me.; Haverhill, Mass.; Turners Falls, Mass.; South Gardiner, Me.; Olcott Falls, Vt.; Ashland, N. H.; Piercefield, N. Y.; Watertown, N. Y.; Herkimer, N. Y.; Ticonderoga, N. Y.; Niagara Falls, N. Y.; Solon, Me.; West-Engfield, Me.

The water and steam power development on all these mills is equal to about 220,000 horsepower, producing about 1,200 tons of ground wood pulp per day, about 400 tons of sulphite pulp per day, and about 1,700 tons of paper per day.

The company owns about 1,000,000 acres of spruce woodlands in the States of New York, New Hampshire, Maine, Michigan, and Vermont. It also has the Canadian government's license to cut timber on about 1,750,000 acres of woodlands in Province of Quebec.

The International Paper Company controls the Continental Paper Bag Company through ownership of a majority of its capital stock; see subjoined statement.

Capital stock.—Authorized \$25,000,000 6 per cent cumulative preferred stock and \$20,000,000 common stock. Outstanding, \$22,406,700 preferred and \$17,442,800 common. Par \$100. Preferred may be increased to retire company's bonds. Dividends on preferred stock have been paid at the rate of 1½ per cent quarterly from July, 1898, to April, 1907, inclusive. On common stock 1 per cent was paid December 31, 1898; 2 per cent in 1899; none since.

Bonded debt.—\$9,771,000 first gold sixes; dated February 1, 1898; due February 1, 1918; interest F & A 1, at Metropolitan Trust Company, New York. Coupon, \$1,000; principal may be registered. Original issue, \$10,000,000. Sinking fund provides that \$150,000 of the bonds are to be retired annually from February 1, 1905. The bonds are convertible at holder's option into preferred stock, at par, on any interest date before August 1, 1910.

Six million dollars consolidated convertible gold fives; dated January 1, 1905; due January 1, 1935; int. J. & J. 1, at Metropolitan Trust Company, New York. Coupon, \$1,000; principal may be registered. Authorized, \$10,000,000. Sinking fund, 2 per cent of bonds issued, commences 1907, to retire bonds at 105 and interest after 1909. The bonds are convertible into preferred stock at par on July 1, 1907, and any interest date before January 1, 1917.

Earnings, expenses, and charges years ended June 30.

	1905-6.	1904-5.	1903-4.	1902-3.	1901-2.
Gross income.....	\$21,837,816	\$20,904,666	\$20,304,514	\$20,142,771	\$19,719,420
Expenses.....	18,679,296	17,640,198	17,150,531	16,629,310	16,813,225
Net.....	3,158,520	3,640,468	3,153,983	3,613,461	2,901,195
Taxes, insurance, and interest....	1,172,979	1,130,350	1,092,343	1,082,927	1,003,740
Balance.....	1,985,541	2,138,118	2,061,640	2,530,534	1,897,455
Dividends on preferred 6 per cent.	1,344,402	1,344,402	1,344,402	1,344,402	1,344,402
Surplus for year.....	641,139	793,716	717,238	1,186,132	553,053

General balance sheet, June 30.

Assets.	1906.	1905.	Liabilities.	1906.	1905.
Mill plants, etc.....	\$43,291,874	\$42,624,180	Common stock.....	\$17,442,800	\$17,442,800
Woodlands.....	4,126,523	4,191,158	Preferred stock.....	22,406,700	22,406,700
Sec. of sundry corp.....	8,088,426	7,820,295	Bonds.....	12,811,000	17,866,000
Patents.....	6,000	8,000	Notes and accounts payable.....	5,000,000	1,446,609
Furniture and fixtures.....	33,653	33,732	Accrued interest, taxes, etc.....	3,688,500	352,804
Cash.....	1,244,455	861,725	Surplus.....	6,661,286	6,020,147
Accounts and notes received.....	6,169,625	5,225,959	Total.....	68,010,286	65,535,060
Inventories.....	4,741,254	4,770,011			
Sinking fund, first.....	308,476				
Total.....	68,010,286	65,035,060			

Officers.—Hugh J. Chisholm, president; A. N. Burbank, first vice-president and treasurer; T. T. Waller, second vice-president; E. W. Hyde, secretary; L. M. Bickford, purchasing agent. Directors, Hugh J. Chisholm, D. O. Mills, A. R. Flower, A. N. Burbank, T. S. Coolidge, G. F. Underwood, Warren Curtis, H. A. Wilder, Ogden Mills, F. B. Jennings, F. S. Flower, Mr. Whitcomb.

Annual meeting, fourth Wednesday in October.

Mr. SIMS. The other \$20,000—

Mr. NORRIS. Twenty thousand dollars per ton of daily output.

Mr. SIMS. About double.

The CHAIRMAN. One is a new mill and the other is an old mill.

Mr. NORRIS. The other is a collection of very old mills. It should also be stated that the International has been making very considerable investments in Canada in timber lands, timber rights. Our information is that that approximates closely \$4,000,000, and that it has

approximately over 4,000,000 acres of timber lands which it is apparently reserving either for its own uses or for a gigantic speculation in wood lands, which I will take up as soon as I have finished this phase of the proposition.

The CHAIRMAN. May I ask, What is the purpose, what is the idea, of offering these figures in evidence as to the amount of capitalization and as to the character of the plant?

Mr. NORRIS. It is to show that the newspapers of the country are called upon to bear the burden of consolidation and high finance, and that the conditions are not normal, and that they should not be asked to bear burdens imposed upon a corporation as a result of mistakes it makes in undertaking to merge thirty or more mills under one management.

The CHAIRMAN. But that is a very general answer. Why do you work these figures in? That is what I want to get at. Is it for the purpose of showing that these people are making larger dividends than they are entitled to or for the purpose of showing that the expense of their plant is bigger than they have a right to have?

Mr. NORRIS. It is for the purpose of showing that they are attempting to earn as much as they possibly can to justify this exceedingly high capitalization.

The CHAIRMAN. You have referred several times to the fact that the mills of the International Paper Company were antique, and various other terms of that sort, which I suppose indicated that they are somewhat out of date, that they are not the most modern mills. Do you contend that it is their duty, having a plant in which they are making paper, to purchase more modern mills and furnish paper from those?

Mr. NORRIS. No; our contention is that the burden does not rest upon Congress to palliate or make good the mistakes of gentlemen who consolidate mills, and that consideration is to be given to them as compared with consumers of news-print paper in determining whatever equities may prevail and which are within the purview of Congress in respect to this matter of duty on news-print paper and on pulp.

The CHAIRMAN. These mills are in existence whether they are consolidated or not. I am not speaking of that phase of it at this time. The mills are in existence; the machinery with which they supply paper is there. Do you contend that in considering the matter Congress should act on the supposition that all that should be thrown away and new mills established?

Mr. NORRIS. No, sir; no, sir; but that fact—

The CHAIRMAN. What is the point then in referring to them as antique, and the statement that they have not put in up-to-date machinery and all that? What is the point in that?

Mr. NORRIS. The point is that if they have gathered together a collection of old mills, and that if in the course of the years since that collection the woods have gone farther away from them—the available timber—there is no obligation upon Congress to impose burdens upon consumers that they shall pay the added cost of that when it is possible to obtain that supply in another way. But we will show that there is still in the United States, within the control of these mills, wood which is available for their purposes.

The CHAIRMAN. But there is no legislation that I know of that makes any discrimination in favor of these mills as against any other

existing mills or mills to be put in existence within the limits of the United States.

Mr. NORRIS. But if, as a result of the inquiries and information gathered by this committee, it appears that this company is practically holding the umbrella over other companies, would not it then be a matter of information?

The CHAIRMAN. Oh, I do not say that it is not a matter of information in any event. Mr. Norris, what I want—

Mr. NORRIS. Or helpful to the committee in its study of the subject.

The CHAIRMAN. What I wanted to get at is the point of view that you had in putting this in, so that I might understand the force that you were giving to it, whether you considered it was—

Mr. NORRIS. I am simply giving it because I think you may regard it as a factor in your study of the problem, this general proposition, without regard to its specific application.

Mr. SIMS. The way it strikes me, Mr. Norris, is this: That we should not be called upon to keep up a protective duty simply that the International Paper Company may make money out of antiquated and disabled means of production. Is that your idea, that we should not keep up a tariff simply to enable them to make money in competition with new machinery when, if we take the tariff off, new machinery, modern means of manufacture, will still thrive, although the International Paper Company, on account of its antiquated machinery, may not thrive? Is that—

Mr. NORRIS. That is right; that the tariff is not for any one concern especially, but for the promotion of the general interests. However, my primary point was that it was a factor in the consideration of the general problem.

Mr. SIMS. My mind goes back to the Stevens bill.

Mr. NORRIS. In every case I want to show its relation to the subject under discussion.

I have here printed copies of the annual reports, to the Trade Journal, of the International Paper Company, but I assume that it would be the better way for the committee to ask the company directly for them. I merely—

The CHAIRMAN. Are you telling us what we shall ask this company?

Mr. NORRIS. We have suggested to you that you obtain from the other side such figures, which will save your committee and simplify this inquiry, instead of putting upon us and upon you the burden of needless discussion and evidence as to certain facts easily and readily ascertainable.

Mr. SIMS. Is it not also a fact that the parties suggested are the only ones who can give accurate information?

Mr. NORRIS. That is right.

The CHAIRMAN. No, those parties are not the only ones who can give accurate information. The newspapers are the only ones who can give accurate information as to how much they pay. You have the best chance in the world to prove what you paid for paper. I think it is wholly unfair to expect this committee to worm out of somebody else information which is solely in your possession.

Mr. NORRIS. I have not information as to other publications.

The CHAIRMAN. Oh, no, you have not information as to other publications, but they have.

Mr. NORRIS. Who has?

The CHAIRMAN. The other publications.

Mr. NORRIS. I say that if you are to undertake to obtain that information from 1,200 daily newspapers it will take your committee needless—

The CHAIRMAN. Yes; from 1,200 daily newspapers; but we expect to get that in a different way. But we want some information, and I understand you are preparing to furnish us a lot of information to-morrow on that subject.

Mr. NORRIS. We have sent for a number of publishers, with the idea that they will tell you what they have paid and what they use.

The CHAIRMAN. I am informed by Mr. McCormick that you have asked 30 publishers to come here to-morrow and bring their contracts with them.

Mr. NORRIS. That is the programme.

Mr. SIMS. Did I not understand you that some of the parties, named in the absence of Mr. Mann, would give information as to agreements bearing on combinations?

Mr. NORRIS. Oh, yes; that is right.

Mr. SIMS. On other things than the price of paper to the publishers?

Mr. NORRIS. That is right.

Mr. SIMS. That is the reason I said they are the only parties who could give that information.

Mr. NORRIS. Is it the pleasure of the committee that I should submit these printed copies of the annual statement of the I. P. Company?

The CHAIRMAN. Any information that you have, Mr. Norris.

Mr. NORRIS. I submit from the Paper Trade Journal of the issue of October 24, 1907, a report of the Paper Trade Journal purporting to give the annual statement of the International Paper Company for the fiscal year ending June 30, 1907.

(The report is as follows:)

L. P.'s ANNUAL—THE NET EARNINGS FOR FISCAL YEAR ENDED JUNE 30 AMOUNT TO \$279,214—THE ANNUAL MEETING OF THE STOCKHOLDERS WAS HELD YESTERDAY (WEDNESDAY) AT CORINTH, N. Y.—PHILIP T. DODGE, PRESIDENT OF THE MORGANTHALER LINOTYPE COMPANY, ELECTED A DIRECTOR.

The annual meeting of the stockholders of the International Paper Company was held at Corinth, N. Y., yesterday (Wednesday). The report of Treasurer Burbank showed net earnings for the year of \$279,214.48. Philip T. Dodge, president of the Morgenthaler Linotype Company, was elected a director of the company.

President Chisholm's report on behalf of the directors follows:

PRESIDENT CHISHOLM'S STATEMENT TO THE STOCKHOLDERS.

To the stockholders of the International Paper Company:

Your directors submit herewith their report for the fiscal year ended June 30, 1907.

The treasurer's report shows the amount of business transacted by the company during the past fiscal year, the gross amount of sales, the cost of manufacturing paper, and the net profits derived therefrom; also the financial condition of the company June 30, 1907.

The increase in the cost of manufacturing the company's product is mainly due to the increase in the cost of wood and labor. The percentage of increase in both these items for the past fiscal year as compared with the previous year was very large, and fully accounts for the reduction in the company's net earnings.

The demand for paper is now fully equal to the production, prices are materially higher than during the larger portion of the past year, and indications for the present fiscal year are more promising.

The policy of the company in keeping the physical condition of the plants at a high standard has been steadily maintained, such expenditures having been charged

into operating account. The plant account has increased \$2,375,896 during the past fiscal year, this amount in part covering new hydraulic development and the construction of new mills and additions to existing mills, with the necessary equipment. At the Palmers Fall mill, on the Hudson River, the company has built a new paper mill and completed the installation of additional machinery which will add between 70 and 80 tons of paper per day to the product of that mill. These new machines are now running. At Livermore Falls, Me., there is completed and in operation a new 100-ton ground-wood mill with an hydraulic development of between 7,000 and 8,000 horsepower.

In addition to the above, there is being installed at the Otis mill (Maine) a new sulphite mill having a daily capacity of from 60 to 70 tons. The company has also laid plans for a new ground-wood plant at the Wilder mill, at Olcott Falls, Vt., and has partly completed the necessary hydraulic development of 12,500 horsepower.

TREASURER BURBANK'S REPORT.

The following balance sheet shows the condition of the company at the close of the fiscal year ended June 30, 1907:

ASSETS.	
Mill plants and water powers.....	\$45,667,770.65
Woodlands.....	3,769,500.70
Securities.....	10,325,130.04
Sinking fund, first consolidated mortgage bonds.....	486,509.31
Furniture and fixtures.....	28,948.32
Cash.....	1,047,334.93
Accounts and notes receivable.....	4,684,298.32
Inventories of merchandise on hand and advances for wood operations.....	3,561,321.33
	69,570,813.60

LIABILITIES.	
Common stock.....	17,442,800.00
Preferred stock.....	22,406,700.00
First consolidated mortgage bonds.....	10,000,000.00
Divisional mortgage bonds.....	2,728,000.00
5 per cent consolidated mortgage convertible gold bonds.....	6,000,000.00
Accounts and notes payable.....	3,848,841.23
Accrued bond interest, taxes and water rents (not due).....	278,972.30
Surplus.....	6,865,500.07
	69,570,813.60

STATEMENT OF EARNINGS.

Gross income.....	21,841,486.36
Cost of raw material and manufacturing, including expenses of administration, sales divisions, and cost of selling product.....	\$19,000,016.50
Taxes, insurance, and bond interest.....	1,217,853.38
	20,217,869.88
	1,623,616.48
Regular quarterly dividends at rate of 6 per cent per annum paid during the fiscal year ended June 30, 1907, on preferred stock, as follows:	
No. 34, paid October 1, 1906.....	\$336,100.50
No. 35, paid January 1, 1907.....	336,100.50
No. 36, paid April 1, 1907.....	336,100.50
No. 37, paid July 1, 1907.....	336,100.50
	1,344,402.00
Earnings in excess of all expenditures, including dividends.....	279,214.48
Surplus June 30, 1906.....	6,661,285.69
	6,940,500.07
Less discount on sale of 5 per cent bonds.....	75,000.00
Surplus June 30, 1907.....	6,865,500.07

Mr. NORRIS. I submit also from the Paper Mill, of October 27, 1906, a statement purporting to give a report for the year ending June 30, 1906.

(The statement submitted is as follows:)

ANNUAL REPORT—YEARLY STATEMENT OF THE INTERNATIONAL PAPER COMPANY—EARNINGS AND PROFITS—GROSS EARNINGS GREATER—EXPENSES HEAVIER—CONDITION OF THE NEWS MARKET IS BETTER.

CORINTH, N. Y., *October 25, 1906.*

The annual meeting of the International Paper Company was held here to-day.

THE PRESIDENT'S REPORT.

President Chisholm's annual report was as follows:

To the Stockholders of the International Paper Company:

Your directors submit herewith their report for the fiscal year ended June 30, 1906.

The treasurer's report shows the amount of business transacted by the company during the past fiscal year, giving the gross amount of sales, the cost of manufacturing paper and net profits derived therefrom, also the financial condition of the company June 30, 1906.

The net earnings in excess of all fixed charges and dividends on the preferred stock amounted to \$641,138. As will be seen from the treasurer's report, they are almost equal to those of the preceding year.

During the fiscal year just closed the yearly consumption of paper in the United States increased, and the demand for paper at the present time is very nearly equal to the amount of paper produced. There were times during the year, however, when paper was offered and sold at a price that could not give remunerative returns to the manufacturer. At the present time the price is somewhat steadier and higher.

The high standard of maintenance of the company's plants has been continued, and the fairly favorable results obtained for the past fiscal year, despite the reduced price of paper, is largely attributed to this cause.

TREASURER'S REPORT.

The following balance sheet, submitted by Treasurer Burbank, shows the condition of the company at the close of the fiscal year ended June 30, 1906:

ASSETS.

Mill plants.....	\$43, 291, 873. 74
Wood lands.....	4, 126, 522. 87
Securities.....	8, 088, 426. 38
Sinking fund, first consolidated mortgage bonds.....	308, 476. 31
Patents.....	6, 000. 00
Furniture and fixtures.....	33, 653. 11
Cash.....	1, 244, 454. 80
Accounts and notes receivable.....	6, 169, 624. 77
Inventories of merchandise on hand and advances for wood operations.....	4, 741, 253. 44
	<hr/>
	68, 010, 285. 42

LIABILITIES.

Common stock.....	17, 442, 800. 00
Preferred stock.....	22, 406, 700. 00
First consolidated mortgage bonds.....	10, 000, 000. 00
Divisional mortgage bonds.....	2, 811, 000. 00
5 per cent consolidated mortgage convertible gold bonds.....	5, 000, 000. 00
Accounts and notes payable.....	3, 405, 246. 98
Accrued interest, taxes, and water rents (not due).....	283, 252. 85
Surplus.....	6, 661, 285. 59
	<hr/>
	68, 010, 285. 42

The statement of earnings of the company for the fiscal year ended

June 30, 1906, was as follows:

Gross income.....	\$21, 837, 815. 55
Cost of raw material and manufacturing, including expenses of administration, sales divisions, and cost of selling product.....	\$18, 679, 296. 31
Taxes, insurance, and interest (including interest on bonds) in excess of interest received.....	1, 172, 978. 28
	<hr/> 19, 852, 274. 59
	<hr/> 1, 985, 540. 96

Regular quarterly dividends at rate of 6 per cent per annum paid during the fiscal year ended June 30, 1906, on preferred stock, as follows:

Paid—

September 30, 1905.....	\$336, 100. 50
December 30, 1905.....	336, 100. 50
April 2, 1906.....	336, 100. 50
June 30, 1906.....	336, 100. 50
	<hr/> 1, 344, 402. 00

Earnings in excess of all expenditures, including dividends.....	641, 138. 96
Surplus June 30, 1905.....	6, 020, 146. 63
	<hr/>
Surplus June 30, 1906.....	6, 661, 285. 59

Frederick S. Flower and Victor Morawetz were elected directors.

The CHAIRMAN. What do these reports show?

Mr. NORRIS. These reports will show the amount of the income and the amount of expenses, and they will especially show the increase in the cost of manufacture from the year 1906 to the year 1907; that up to June 30, 1907, the increased cost of manufacture of the International Paper Company was substantially \$300,000 increased expenditure on an output of substantially 500,000 tons of product, making an increased cost of manufacture of approximately 60 cents per ton of output, not justifying any increase of \$12 per ton in price.

The CHAIRMAN. Well, now, of course that is a very important proposition. Give us the figures that sustain that. I suppose that is a disputed proposition, isn't it?

Mr. NORRIS. I do not know. For 1906 the cost of raw material and manufacturing, including expenses of administration, sales division, and cost of selling product, was \$18,679,296.31. The statement for the year ending June 30, 1907, shows cost of raw material and manufacturing, including expenses of administration, sales divisions, and the cost of selling product, \$19,000,016.50. This shows substantially an increase of \$320,000 in the cost of manufacture for the year ending June 30, 1907, as compared with the year ending June 30, 1906.

The CHAIRMAN. And the comparative amount of paper produced?

Mr. NORRIS. I understand that there were approximately 500,000 tons of paper made by the company; that there is an output of approximately a little over 1,600 tons a day, but that if it were more than in 1906, a greater output to that extent, it would reduce this difference in cost per ton to manufacture.

Mr. STAFFORD. These figures, to me, do not seem to be of any great value when you do not have the output for the respective years. The company may have a certain capacity, and yet the mills may not be running, and one year their expenses might be \$18,600,000-odd, and the next year, on maybe a much larger output, \$19,000,000.

Mr. NORRIS. If there were a larger output on \$19,000,000, as we think quite probable, then the apparent increase in the cost of manufacture shrinks correspondingly, so that instead of being 64 cents per ton increase, it is much less, and that anyhow, the burden of proof is upon them to show that the increase in cost of manufacture, as disclosed by those figures, must be explained away to justify the increased prices which it has set up.

I also submit an article from The Paper Trade Journal, of December 7, 1905, purporting to give a statement of the president of the International Paper Company with respect to extensions or new installations of the company, showing that the International Paper Company proposed to add ten new machines to its plant.

(The statement submitted is as follows:)

TEN NEW MACHINES—THE INTERNATIONAL PAPER COMPANY WILL ADD THAT NUMBER—AT A MEETING OF THE DIRECTORS HELD ON WEDNESDAY OF LAST WEEK, THE INSTALLING OF TEN NEW MACHINES WAS AUTHORIZED—ENHANCED VALUE OF THE COMPANY'S WATER POWERS AND TIMBER LANDS.

The directors of the International Paper Company held their regular quarterly meeting at the offices of the company, 30 Broad street, New York, on Wednesday of last week. After the dividend for the quarter had been declared, other business was transacted, a report of which is given in a statement issued from President Chisholm's office on Friday of last week, Thanksgiving Day having intervened.

The statement follows:

"At the directors meeting last Wednesday, a favorable statement of current earnings was made, showing that the cost of production is being reduced as a result of improvements made in the plants. The product is sold for eighteen months in advance, at satisfactory prices.

"Actual figures show that for the three months ending December 1, the company made more paper than for any corresponding three months in its history, and delivered to its customers, during the same period, about 16 per cent more than for any corresponding period in the past.

"In view of the encouraging results and promising outlook the directors authorized the installing of ten new machines, which will be as large and fine as any in the world, and have a capacity of from 350 to 400 tons daily. The new equipment will make the company impregnable, and enable it to extend its export business.

"The company already owns mill sites, water powers, and timber lands ample for these new machines. Its present water power actually developed is 150,000 horsepower, and it has an equal amount undeveloped. These water powers have greatly advanced in value since their acquisition on account of the great demand for electrical power.

"All of the company's realty has similarly enhanced in value—its timber lands especially. The company not only acquired these woodlands and water powers at a time of depreciation in value, but the company itself was formed and capitalized when industrial properties were at their lowest ebb. The consequence is that its buildings and hydraulic developments could not to-day be reproduced at anything like their original cost, and, in addition, upward of \$6,000,000 has been spent in improvements and new construction."

The departure from the policy of the company in issuing the above statement has caused considerable comment, especially in the Wall street district, where there is more than the usual amount of interest in the affairs of the company, due to the activity of the international stocks on the exchange. Because of this interest the Wall street wisacres think they see a connection between the statement sent out by the directors of the International and the one issued by Dow, Jones & Co., the Wall Street News Bureau, two days previous, Wednesday, November 29.

The report in regard to the International sent out to its customers by Dow, Jones & Co., follows:

"The stocks of the International Paper Company have been strong the past week or so, the preferred advancing 7 points and the common 2 points on moderate transactions. There are indications that leading interests in the company favor the rise. They are talking higher prices for the securities, especially the preferred stock. In view of the renewed speculation in these stocks, the position of the company as regards both its finances and trade matters is of interest. As to the company's finances, they

are now in fair shape, thanks to the issue of \$5,000,000 of 5 per cent convertible bonds authorized and sold during the past fiscal year.

"These bonds netted the company only \$4,250,000, being sold at a discount of \$750,000 and the selling price was 85. The bonds were primarily issued to reimburse the treasury with money spent out of surplus for improvements. Of this \$4,250,000 only \$2,760,742 was represented in the net current quick assets on June 30, 1905, the date of the last annual report. The balance of the proceeds from the bond sale was put into new securities the nature of which was not disclosed.

"The company had June 30 a working capital of \$9,058,285 comparing with \$6,297,543 in the preceding year, the increase being due to the bond issue.

"The outstanding capitalization is as follows:

Common stock.....	\$17,442,800
Preferred stock.....	22,406,700
Total stock.....	39,849,500
Bonded debt.....	17,866,000
Total stock and bonds.....	57,715,500

"It was an undisguised fact that at the outset the company was greatly over-capitalized. Some of the 'water' has been eliminated, as the result of improvements made out of earnings. There is a fixed interest charge of about \$1,000,000 ahead of the preferred stock dividend. Comparing the company's capitalization with other industrial companies which are free from bonded debt, it is obvious that the preferred stock of the International can not be compared as to intrinsic value with the preferred stocks of those industrial concerns that have no bonded indebtedness ahead of them.

"The preferred stocks of most industrial concerns are supposed to have prior rights as to assets and dividends. This is the case with the American Locomotive Company, American Car and Foundry, National Biscuit, and others, but with the International Paper Company the bonds have the prior rights as to assets and interest, while the preferred stock really comes second, making the latter for all practical purposes a second preferred issue, while the bonds occupy the position of the first preferred issue. The heavy bonded debt is doubtless one of the reasons why Paper preferred has always lagged behind other industrial preferred stocks.

"There is one other reason why the present is an inopportune time to put money into securities of this kind, and that is the increasing competition in the paper industry. It is a well known fact that the International has lost some important contracts for news print the past year to its competitors, principally the Great Northern Paper Company. The news print output of the country amounts to about 2,500 tons daily, of which approximately 1,500 tons is produced by the International. The warfare for business was brought about by a decline in prices. About a year ago news print was selling at 2½ cents per pound, while now it is selling at 1.85 cents per pound. While there has been a falling off in the selling price, expenses of manufacture have increased because of the higher cost of both labor and materials, and in consequence the manufacturing profit has been reduced.

"There is reason for believing that there is a good deal of common stock of the company for sale if the price can be worked up and the stock marketed. A few years ago the original holders of the common stock sold out to Wall street interests at a price well above \$50 per share. These interests averaged their high priced stock about a year ago, so that the average price of their stock is somewhat between 35 and 45.

"It is an open secret that some of the directors are in favor of resuming dividends on the common stock. They claim that money that should have gone to the common stockholders in the form of dividends has been put back into the property, and that now these improvements have been capitalized they are entitled to dividends. One element in the board has opposed a resumption of common dividends. So far with success.

"The reported earnings for the fiscal year ended June 30, 1905, showed net profits after charges of \$2,138,118 equal to the 6 per cent dividend on the preferred stock and 4.5 per cent on the common stock. The dividend on the preferred stock has been paid 1½ per cent quarterly since 1898, and the common stock received a dividend of 1 per cent in 1898 and 2 per cent in 1899, but it has been a nondividend stock since that time.

"According to officers of the company it has contracts made for eighteen months ahead, but the paper trade believes that these contracts have been made at prices showing a very narrow margin of profit."

Mr. STAFFORD. It has not been disclosed as yet what the capacity of one of these machines is. Will you kindly state?

Mr. NORRIS. That varies according to their width and speed and the weight of paper run. I think the latest machine at St. Croix produces close to 50 tons per data of product. I have heard of a machine running 612 feet per minute, but that is what is supposed to be the record, the top-notch mark; it does not represent an average in any manner. I do not know what is the capacity of the various paper machines that are in use. I have stated what has been the growth of the last ten years. I stated that in the absence of the chairman; an increase from—

The CHAIRMAN. From 200 or 300 feet to 500 or 600 feet?

Mr. NORRIS. From 350 to 550, and 612, in ten years, in speed; an increase in width of machines from, ten years ago, 100 to 120 inches, to 150 and 164 inches to-day, producing ten years ago approximately 24 tons and producing to-day close to 50 tons, maximum.

May I at this time submit a letter from Edgar E. Bartlett, of the Register-Gazette, of Rockford, Ill., to the American Newspaper Publishers' Association, inclosing copy of a letter to Senator Cullom, to show the contrast in the cost of paper sold to him by an American mill and by a Canadian mill recently. I think that may possibly be helpful in your study. The letter to Senator Cullom is as follows. [Reads:]

ROCKFORD, ILL., March 24, 1908.

HON. SHELBY M. CULLOM, Washington, D. C.

DEAR SIR: The inclosed copy of Mr. Ridder's letter to the President will explain itself, without comment from me, but I chance to be able to give you a practical demonstration of the iniquitous workings of the tariff, as it affects the Register-Gazette, and cite two carloads, as follows:

Car No. 1, shipped from J. B. Booth mill, Ottawa, Canada, February 12, 1908, to the Register-Gazette, 39,037 pounds at \$2.41 per 100, \$940.79; duty, \$117.11, entry, \$1.30, prepaid freight \$101, \$219.41. Price netted mill, \$721.38, or \$1.849 per 100 pounds—

Substantially \$1.85—

Car No. 2. Shipped from Grand Rapids Pulp and Paper Company, Grand Rapids, Wis., February 26, 1908, to Register-Gazette Company, 41,443 pounds at \$2.45 per 100 pounds; total, \$1,015.35; prepaid freight, \$41.60; price netted the mill, \$2.35 per 100.

These figures show that the Canadian mill can afford to pay \$6 per ton duty and \$5 per ton freight, a total of \$11 per ton, and still undersell the Wisconsin mill by 4 cents per 100 pounds.

This is what the tariff and the print trust does for American newspapers.

(The two letters submitted are as follows:)

THE REGISTER-GAZETTE,
Rockford, Ill., March 24, 1908.

Mr. HERMAN RIDDER,
American Newspaper Publishers' Association, New York City.

DEAR SIR: Inclosed please find copy of letter just addressed to Senators Cullom and Hopkins, accompanying copies of your reprinted letter to President Roosevelt.

My thought was to present to these gentlemen a personal experience with the effect of the tariff and trust. It seems to me that the example submitted is a convincing one.

I certainly hope that at the coming meeting of the A. N. P. A., the subject of the amalgamation of the various newspaper associations of the country into one national association will be very fully discussed and favorably acted upon.

Very cordially,

EDGAR E. BARTLETT.

ROCKFORD, ILL., *March 24, 1908.*HON. SHELBY M. CULLOM,
Washington, D. C.

DEAR SIR: The inclosed copy of Mr. Ridder's letter to the President will explain itself without comment from me, but I chance to be able to give you a practical demonstration of the iniquitous workings of the tariff, as it affects the Register-Gazette, and cite two carloads, as follows:

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Car No. 2, shipped from Grand Rapids Pulp and Paper Company, Grand Rapids, Wis., February 26, 1908, to the Register-Gazette Company, 41,443 pounds, at \$2.45 per 100 pounds, \$1,015.35; prepaid freight, \$41.60; price netted the mill, \$973.75, or \$2.35 per 100.

These figures show that the Canadian mill can afford to pay \$6 per ton duty and \$5 per ton freight, a total of \$11 per ton, and still undersell the Wisconsin mill by 4 cents per 100 pounds.

This is what the tariff and the print trust does for American newspapers.

In the case of this paper, the advance of last summer made a difference of over \$2,000 in our present contract.

These facts are respectfully submitted for your consideration.

Very sincerely, yours,

The CHAIRMAN. Well, now, considering the great quantity of papers in the East, much nearer to Ottawa than Rockford, Ill., how does it happen that Mr. Booth pays this enormous freight charge when this great demand for paper at much higher prices than he was receiving existed in the East, so much nearer to his place of business?

Mr. NORRIS. I thank you for that question.

The CHAIRMAN. Well, that is a sensible question.

Mr. NORRIS. Our rates show that there is an understanding whereby the Canadian mills substantially keep out of the eastern markets.

The CHAIRMAN. You are going into that later?

Mr. NORRIS. You have had some of it already. There have been three or four references to it in the report. I will admit that there has been so much submitted to you that it is impossible to carry all of it.

The CHAIRMAN. Do you claim that the eastern paper dealers have an agreement with Mr. Booth by which they pay him to keep out of the eastern market?

Mr. NORRIS. We claim that there is some sort of an arrangement or agreement or understanding whereby prices in the East are not disturbed. We do not know what are the considerations. We do not claim to allege what is the aspect; we simply present the result.

The CHAIRMAN. Would not that indicate, then, that there then was no combination between the eastern paper manufacturers and the western paper manufacturers?

Mr. NORRIS. That might if it were taken alone, but taken in relation to many other facts it does not possess the value which otherwise you might attach to it.

I have also a statement from Mr. E. P. Adler, of the Lee Newspaper Syndicate, Davenport, Iowa, dated March 6, 1908, wherein he says—I will give you the whole letter. [Reads:]

I have had some little experience in years past with the paper combination, and am now buying Canadian print paper, supplying our papers at Hannibal, Mo., and La Crosse, Wis. (the latter office being right in the Wisconsin mill territory),

on a contract made last fall at a lower price than I was quoted on Wisconsin paper, and a much better quality.

The full letter is as follows:

THE LEE NEWSPAPER SYNDICATE,
OFFICE OF THE PRESIDENT,
Davenport, Iowa, March 6, 1908.

Mr. HERMAN RIDDER,
Publisher Staats-Zeitung, New York City.

DEAR MR. RIDDER: As you know, the Davenport Times and Ottumwa Courier of our papers are members of the A. N. P. A. I have just read with a great deal of interest your letter in the Association Bulletin of March 4, to the Attorney-General, under date of February 10.

While our papers are decidedly small fry in the newspaper field, yet I can not help but extend to you my congratulations on the effective fight you are making against the paper trust. I have been reading carefully all I could get on the subject, and it seems to me this letter of yours to the Attorney-General embodies a case which is so strong the Government can not afford to ignore it.

I have had some little experience in years past with the paper combination, and am now buying Canadian print paper, supplying our papers at Hannibal, Mo., and La Crosse, Wis. (the latter office being right in the Wisconsin mill territory) on a contract made last fall, at a lower price than I was quoted on Wisconsin paper and a much better quality.

It seems to me you are entitled to the hearty cooperation and support of all the members of the association and I hope the full measure of success will attend your efforts.

Yours, truly,

E. P. ADLER, *President.*

Mr. NORRIS. I now proceed to the next step in our demonstration, which is that on wood. The census figures show that there are approximately 3,780,000 cords of wood used in the United States in the production of paper, of which approximately 3,000,000 cords are cut in the United States and 780,000 cut in Canada——

[At this point the buzzer sounded.]

Mr. NORRIS. Will we now have to adjourn?

The CHAIRMAN. Your good friend in the House, who has made a speech in your behalf to-day, has now summoned us to waste our time and compels us to cut you off.

Thereupon the committee, at 4.30 o'clock p. m., adjourned until to-morrow morning, at 10 o'clock.



**SELECT COMMITTEE TO INVESTIGATE AS TO
WOOD PULP AND PRINT PAPER, ETC.,
Thursday, April 30, 1908.**

Committee called to order at 10.12 a. m., Hon. James R. Mann in the chair.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Continued.

The CHAIRMAN. Mr. Norris, will you present to the committee the various circular letters or other matter which have been issued by the Publishers' Association on the subject of the price of print paper, etc.?

Mr. NORRIS. I submit copy of a formulation entitled, "In the matter of the paper combination; statement of committee of the American Newspaper Publishers' Association," dated November 7, 1907, and addressed to the President.

The CHAIRMAN. That may be put in the record.

Following is the statement referred to:

**IN THE MATTER OF THE PAPER COMBINATION—STATEMENT OF COMMITTEE OF THE
AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.**

WASHINGTON, November 7, 1907.

TO THE PRESIDENT:

The American Newspaper Publishers' Association, an organization of publishers representing 278 newspapers of all shades of political opinion, held a special meeting in New York City on September 19, 1907, and adopted the following minute:

In view of the information submitted to the American Newspaper Publishers' Association by its committee on paper, indicating that unlawful combinations of paper makers have been organized recently, that artificial stimulation of prices has been accomplished, and that judicial prohibition of such efforts has been disobeyed,

The American Newspaper Publishers' Association hereby instructs its committee on paper to invite the attention of the President and Department of Justice to these movements, which we regard as conspiracies in restraint of trade, and we give this instruction to the committee in order—

First. That the authority of existing statutes for repression of trade combinations may be invoked.

Second. That the defiance of recent judicial action prohibiting participation in such combination by certain western mills may be punished.

Third. That the President may be put in possession of information which shall equip him to advise Congress of the abuse of tariff favors by paper makers.

Resolved, That it is the sense of this meeting that the duty on printing paper, wood pulp, and all material entering into the manufacture of printing paper should be immediately repealed.

The American Newspaper and Publishers' Association, acknowledging and appreciating the action taken by the Federal Government in 1906 whereby the dissolution of the General Paper Company was ordered, asks the President to take cognizance of the conspiracy by which the makers of news-print paper have arranged for an advance of \$12 per ton upon the supply of that article for the current year, and for an additional advance next year averaging \$10 per ton.

This action affects an output of approximately 900,000 tons per annum, and imposes upon the printing industry of the country a burden of approximately \$10,000,000 for the first year and of \$19,000,000 for the second year, subject only to such deduction as may be due to unexpired contracts for supply made prior to March, 1907. These advances in the price of paper are excused by paper makers on the pretext that labor and wood have increased in cost; but the published report of the largest manufacturer

of news-print paper, the International Paper Company, for the year ended June 30, 1907, reveals a total increase in expenditures on account of "cost of raw materials and manufacturing, including expenses of administration, sales divisions, and cost of selling product," of only \$320,720.19. This increase related to an output exceeding 500,000 tons of paper, or about 64 cents per ton; yet that corporation, with a comparatively stationary cost of manufacture, is the principal factor in the movement for an average advance of \$12 per ton in price, with an outgiving of another advance on January 1, 1908, of \$10 per ton additional, or a total of \$22 advance per ton to a standard of \$60 per ton. The announcements of advances in price are parts of a deliberately planned oppression which had its inception twelve years ago in a proposition to unite the paper mills in one pool or corporation. The first step in that programme was accomplished when the promoters induced Congress to fasten upon imports of news-print paper a duty of \$6 per ton, and thereby to prevent publishers from buying paper elsewhere.

The next step, which encountered many delays, has just been consummated by the creation of a combination to exhaust the surplus stock of paper, to cause a paper famine, and to raise prices.

In the Western States after the combination of 20 mills known as the General Paper Company had been disbanded by order of court, a traffic manager was employed to regulate the shipments of all the mills. Various meetings of eastern and western manufacturers were held to stimulate prices and to limit the contract period. A conference of eastern manufacturers held in New York during the first week of September, decided upon the latest advance in price. Manufacturers who had previously solicited the business of various newspapers have since withdrawn all quotations. Publishers who apply for quotations realize that in some intangible way the source of their supply has been predetermined for them and that the price they are to pay has been prearranged for them. In each case the publisher finds that all bids but one are at a prohibitory price. He also finds that he has no remedy against the supply of inferior paper. Unity of action on the part of manufacturers and uniformity of price are obvious.

Publishers who make inquiries of one mill discover that the others have been advised of that inquiry. A secret bureau of information is at work. New selling agencies, representing an aggregation of previously independent mills, have merged the output of those mills. The source of supply of numerous newspapers has been arbitrarily diverted from one mill to another without the consent of the publisher. Jobbers who apply to selling agents or to mills for quotations are forced to disclose the name of the customer and the purpose for which the paper is to be used. When this disclosure is made, jobbers find that satisfactory quotations can be obtained from only one mill in the country. Mill men and paper salesmen have admitted that an agreed scale had been adopted.

Though the American mills are selling abroad at low prices in competition with Canada, Norway, Great Britain, and Germany, the price at home is so high that Canadian mills can and do pay the duty of \$6 per ton and make a profit in the American market.

Paper makers operating fairly equipped mills have made large profits during the past ten years at prices averaging less than \$40 per ton. Therefore a selling price of \$55 per ton means a daily tribute of \$45,000 paid by paper consumers to the power of a combination. Evidence is obtainable in Government records that paper mills in the United States and Canada are making paper at a cost of less than \$28 per ton at the mill, and that by the installation of strictly modern machinery in big mills located near ample water power, where inexhaustible supplies of cheap spruce can be obtained, the increased cost of wood and labor has been offset and the cost of manufacture kept down to that of ten years ago.

Much mystification has been used with respect to the cost of labor employed in paper mills. Figures furnished in 1901 showed that while the pay of some skilled labor had been advanced at that time, the actual labor cost of a ton of paper had been brought by reason of changes in methods of manufacture, to less than \$2.40 per ton, or less than one-tenth of the total cost.

The labor employed in news print paper mills is not the beneficiary of the oppressive advances that have been made in paper prices. Not one-twentieth of the advance in paper prices goes to labor.

It is possible that conditions conducive to cheap manufacture may not apply to the International Paper Company which, because it produces the bulk of the paper used in the East, naturally fixes the price of most of the balance. It holds its umbrella of high prices over all other paper makers before it can raise or even maintain prices. It was organized nine years ago by a consolidation of 30 mills, many of which were located on exhausted water courses and tributary to denuded timber

tracts. Ninety-eight paper-making machines were comprised in the plants of those mills, but only 48 of the 98 machines used were of then recent construction or of desirable pattern. Fifty of the 98 paper machines in the mills were almost worthless, so that one-half of the original collection was junk. Not one of the mills in all the combination possessed all of the six essentials of the cheapest and most successful manufacture, i. e., cheap wood, cheap and ample water power, cheap rates to market, modern machinery, wholesale production and concentration at one place under one supervision.

Nine years have elapsed since that consolidation was made. The antiquated machines of that date have not improved with age. The company's capacity to make paper is less to-day than was the rated capacity of the mills at the time they were consolidated. Not one new machine had been added until within a recent period to the equipment, while one or more of the original plants have been dismantled and abandoned. The International Paper Company has not grown with the demands of business. It has remained stationary. It is an incubus and a load upon the paper consumers of the country, each year wringing all it could from the business without developing manufacture. Wherein has the protection principle operated to encourage industry in that case? The business which might have been created has been throttled by a combine, which would not grow itself and which has to a large extent deterred others from entering the field.

Contrast this policy with that of the United States Steel Corporation, a company formed in much the same manner as the International Paper Company, but which has in the six years of its existence spent over \$200,000,000 in enlarging its plants and increasing its output. It has in fact made every reasonable effort to live up to the demands of business and to serve the public at reasonable prices.

At the beginning of the year 1907 there were 60,000 tons of paper in stock. Usually in the summer season there is an accumulation of paper stock because the newspapers reduce their size and consumption at that period, while the mills turn out their greatest product in that time. In August of this year, however, the paper makers said that the stock of paper had been exhausted. Incidentally they had shipped 60,000 tons of print paper out of this country to foreign markets during the fiscal year ended June 30, 1907, and in disregard of the depleted condition of the domestic market they had increased the print-paper shipments to Cuba, Argentine Republic, Chile, Mexico, and Japan. If mills are stopped on various pretexts while stocks are being reduced, publishers are forced to the conclusion that a shut down to starve the market has been attempted.

Mr. David S. Cowles, president of the American Paper and Pulp Association, an organization composed of paper manufacturers of all classes, wrote in September, 1907, as follows:

"Every indication points to the fact that the consumption of news paper has rather more than overtaken the production, and with the natural yearly increase in consumption it would seem as though there would be a real scarcity of news paper in 1908, and perhaps for a much longer time."

The newspapers insist that the paper manufacturers who induced Congress to protect them against competition from abroad are under obligations to provide for the present and prospective demands of consumers in this country. To repress manufacture, or to starve the market so that the paper maker is in position to create a famine and to stop the supply to any publisher, should rank as a crime. Many newspaper proprietors are unable to obtain any quotations for paper next year and do not know where to obtain a supply. In all the history of crimes charged against combinations and trusts, such a situation is unprecedented. It demands immediate remedy.

Newspaper publishers must take alarm when they find the paper production of the country united in a "friendly understanding"—especially so when they are told that they must pay an increased price for at least two years, as it will take that time to start new mills; and also because they are told that no readjustment of the tariff is possible until 1909.

No publisher is safe when mills refuse orders, as some of them are now doing. Meanwhile the paper manufacturers are buying up vast timber tracts. In one of the four land offices of the Province of Quebec the International Paper Company has registered timber limits for 2,597 square miles. The Berlin mills has limits for 2,462 square miles. Consular reports show that a large proportion of timber lands in Quebec is held by American paper mills. The largest American paper making concerns have acquired some of the finest forests and waterfalls in Canada, where paper can be made for \$20 per ton, and they have been preparing for the alternative either to build other plants as soon as they see the time is ripe, or to stop others from engaging in a competition which would be highly profitable at present prices.

At the time of consolidation the International Paper Company acquired ownership of 1,600 square miles of timber tracts in the United States. The newspapers are bearing the burden of this gigantic speculation in woodlands, because they are taxed to pay the interest-carrying charges on these purchases of timber that can not be marketed for twenty or more years. They are taxed to carry the load of overcapitalization that was saddled upon the International Paper Company, a capitalization of \$43,000 for each ton of daily output; a capitalization that is \$35,000,000 in excess of the accepted basis of investment in the paper trade for mills of modern construction.

It is difficult to recall another industry which has gone to such extremes in watering securities. The International Paper Company, with a book capitalization of \$69,000,000, has a gross income of \$21,000,000. It requires more than three years to turn over its capital. Publishers maintain that if consideration be given to the inflated securities of the combined paper mills, then consideration should also be given to the immense capital invested in newspapers and periodicals. If the Government should assume that the labor employed in the paper mills ought to be protected, then it is urged that the labor employed by publishers should also be protected.

Every consideration of forest preservation and of enlightened self-interest impels the Government to keep the country's future wants in view, and to change that policy which puts a premium upon the destruction of great national treasures. The United States as a whole is consuming more than three times as much wood as the forests are growing. The destruction of the woodlands is progressing at the rate of 50,000 square miles per annum, or one-twentieth of the entire timber area of the United States. If nature were allowed to rehabilitate the earth in the wake of the lumberman, the reforestation of the country would not be alarming; but the wood-pulp industry takes practically the last standing tree. Mr. Gifford Pinchot wrote in 1898: "Cutting for pulp does more harm than cutting for timber, because it takes a vastly greater number of trees"—that is, trees of smaller size.

The demand for pulp wood is beyond the ability of the country to furnish. An area as large as the State of Rhode Island is stripped of its spruce every year to supply the mills that make wood pulp. In the year 1906, 3,000,000 cords of domestic pulp wood were consumed in addition to 738,872 cords of Canadian pulp wood. Every material interest is threatened by the present wasteful method. Wood has been stripped from the hills eagerly, rashly, and selfishly, and trees have not been planted to take its place. Rivers have been dried at the source in consequence of deforesting, so that sawmills dependent on water power have driven themselves out of business, and have also injured the other manufacturing interests of their districts. Farms have been given up in regions thus deprived of moisture, because there was no longer enough water for stock or for home use. Disastrous floods in springtime are followed by droughts in summer, and in considering the gains in this business the Government must also consider how much greater they might have been and how often they are obtained at a cost to others.

The wholesale destruction of forests threatens the country with the calamities experienced from the same causes in Europe and Asia. Our lumbering methods, if continued, will entail baleful scenic, climatic, and economic results, injuring health, property, and occupations of all citizens, and impairing industrial development by making intermittent the flow of the rivers which are most important to agriculture and manufacture.

A distinguished Secretary of the Interior has said that in the course of time this depletion will make our valleys unfit for the habitation of man.

The members of the American Newspaper Publishers' Association have differing views upon the question of the tariff; but they have a substantially unanimous sentiment upon the point that when the privileges and protection afforded by the tariff are abused by its beneficiaries to create a paper famine and to menace the seventh largest manufacturing interest of the country by oppressive combinations in restraint of trade, they feel justified in asking that you invite the attention of Congress to these facts and to recommend such legislation as will prevent the possibility of a paper famine and the ruin of many publishers. They plead urgency. Three years of construction work may be necessary to bring the paper-making industry to a growth commensurate with demand.

Apart from consideration of questions that relate to oppressive combination and to forest conservation, there is a larger view of the situation which should appeal to the responsible heads of Government. Within the last twenty years this nation has turned from books to periodicals. It has fallen to the bottom of the list of nations in the number of books published per million population. But it publishes 60 per cent of all the periodicals on the globe. The printing business represents an annual product of half a billion dollars and ranks seventh in the manufacturing industries. It has a larger number of establishments than any other industry. It stands for the intellectual growth of the country. It increases the facility for communication. It is especially

helpful to good government in that it promotes intelligence, uplifts the individual, and raises the standard of citizenship. If the combination of paper makers can succeed in its aims, it will stop cheap books and cheap newspapers. It will tax intelligence, because the newspapers and magazines are the people's school and their library. All taxes upon paper are taxes upon reading, upon knowledge, upon the dissemination of information. Under any government such a tax would be oppressive and proscriptive. In a government based, as ours is, upon the intelligence and resultant virtue of the people, it is anomalous and monstrous. To make newspapers artificially dear is wantonly to restrict the number of readers and so increase the sum of ignorance. When this is done or proposed simply to add to the profits of a monopoly, the injury to public interests becomes a matter demanding the intervention of the Government.

Mr. NORRIS. Also copy of a letter issued under date of February 19, 1908, under the letter heading of American Newspaper Publishers' Association, signed by Herman Ridder, and purporting to show the closing of paper mills and the discharge of laborers from employment by the paper makers.

Following is the letter referred to:

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York, February 19, 1908.

DEAR SIR: At the suggestion of the subcommittee on paper of the American Newspaper Publishers' Association I submit the following for the information of publishers and for such comments as may seem proper to them.

Yours, faithfully,

HERMAN RIDDER,
President.

It is important that newspaper publishers who are paying excessive prices for news-print paper should know that during the month of January the paper mills in this country in the aggregate have not been running more than 60 to 65 per cent of the usual time. The International Paper Company has shut down. Wilder mill, Franklin mill, and Umbagog, Piercefield, and Herkimer had been shut down in 1907. Dispatches from these places say similar orders have been sent to numerous other mills of the company in New England, and that the adoption of this general policy of curtailment is due to the fact that storehouses have been filled with the finished product, and that for a time the production has been greater than the needs of the trade. The fact is that newspaper publishers everywhere have been reducing the size of their issues and have been lopping off returns to prevent waste. In addition, the enforcement of the new postal regulations against illegitimate mail-order publications has materially reduced the consumption of news-print paper. Canadian mills are pushing their capacity to the utmost and are underselling American mills in the United States market, notwithstanding the duty of \$6 per ton against the Canadian mills.

The Fiber and Manila Association in December, 1907, curtailed the output of manila paper to the extent of 15,000 tons in an effort to maintain the inflated prices of last year. Jobbers who had refused to replenish their stocks at the high prices were asked to place new orders upon a guaranty that the high prices would be maintained for sixty days. Other divisions of the American Paper and Pulp Association making other kinds of paper have been holding meetings and devising means to curtail production and to maintain the high prices obtained by combination. Nevertheless the president of the American Paper and Pulp Association, Mr. David S. Cowles, in opening the annual meeting of that body on Thursday, February 6, 1908, said: "The present condition of business is one which requires very careful handling. It has been plunged from a great condition of prosperity to a condition of great depression." Trade authorities concede that the domestic pulp market is demoralized and that the agreements of some of the groups necessary to maintain paper prices are things of the past.

The proceedings at the recent meetings of the various groups of paper makers have not been disclosed to the public, but the effort to maintain excessive news-print prices are continued in face of considerable declines in the prices of raw materials. The programme thus far indicated provides for running on part time and for adherence to combination prices, upon the calculation that the savings in the lower cost of raw materials will offset the losses due to running the mills on part time. Thousands of paper makers have been thrown out of employment while this scheme of embarrassed, or sickly operation, or complete suspension is carried out. Paper makers might revive their business by reducing prices. They might relieve the distress of their own laborers for whose benefit they obtained a tariff on paper. They have decided upon the policy of curtailment in production, high prices to customers, and idleness for their employees.

Also copy of a letter dated March 4, 1908, under the heading of the American Newspaper Publishers' Association, inclosing copy of a letter dated February 10, 1908, addressed to Hon. Charles J. Bonaparte, Attorney-General.

(Following are the letters referred to:)

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York, March 4, 1908.

DEAR SIR: I take pleasure in sending to you a copy of letter to the Attorney-General. It summarizes the publishers' statement of the efforts made by the seven groups of the American Paper and Pulp Association to stifle competition, to increase prices, and to put an additional burden of \$60,000,000 per annum upon the printing and publishing interests of the country without other justification than the power of combination.

Yours, faithfully,

HERMAN RIDDER,
President American Newspaper Publishers' Association.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York, February 10, 1908.

HON. CHARLES J. BONAPARTE,
Attorney-General, Washington, D. C.

SIR: In the matter of combination of paper makers in restraint of trade, I venture, as president of the American Newspaper Publishers' Association, to reply to your letter of November 13, 1907, addressed to Mr. John Norris. In that letter you say:

"If you are in possession of any further evidence tending to establish the fact that there exists an agreement or understanding among such manufacturers to maintain or increase the prices of paper to the consumer, I shall be pleased to receive it; and should such additional evidence be sufficient to establish a case of an illegal combination or conspiracy, I shall direct at once that proceedings be instituted with a view to obtaining immediate relief."

Appreciating the obligation that rests upon you to acquire evidence that shall be more than inference, I beg to call your attention to the following:

1. *The fiber and manila pool.*—I inclose (Exhibit I) records of one organization of 24 paper mills (the Fiber and Manila Association), including 10 mills with capacity for news-print paper. These records show that a pool was formed under the chairmanship of one John H. Parks, of No. 1 West Thirty-fourth street. The 8 meetings of which we have reports show:

Creation of a ways and means committee.

Agreement on schedules of prices and discounts, with uniform trade customs respecting terms and charges for finishing, preparation, and packing. (See Exhibit I-A and B for schedules.)

Agreement upon a code establishing the percentages of sulphite pulp in each grade of paper.

The filing with the originator of the so-called Parks pool plan of all orders and names of customers and quotations of invoices and samples of paper and date of shipment.

The division of the product into "preamble" and "nonpreamble" goods.

Allotments of output by each of 24 mills.

Restriction of production.

Regulation of the basis of weights of paper

Agreement to fix prices.

Agreement to advance prices.

Actual advances that ultimately reached \$12 per ton.

Discriminations in prices upon shipments west of Minneapolis and north of Omaha.

Payments into a pool of part of the proceeds of all sales. (Usually the pool tax was \$5 per ton sold.)

Divisions of 70 per cent of proceeds of the pool.

Allowances to mills that shut down.

Imposition of a penalty for shipments in excess of allotments.

Denial of quotations to six brokers. (Exhibit I, p. 25.)

Restriction of jobbing to a special class, and fixing the commission therefor.

Restriction of contract periods to three months, subject to permission of ways and means committee for a longer period.

Payments of money for expenses of pool and of those who had organized the association.

Creation of an exemption list with corresponding reductions in the participation of profits.

Votes by mail on numerous questions, including the following: Should the association sell bag paper to jobbers or to bag manufacturers exclusively; granting special privilege to a number to sell on terms better than thirty days.

Participation in the organization by members of the General Paper Company who had been prohibited by Federal court from participating in such combinations.

Negotiations with "western trustee" mills and cooperation by them in the programme of the association and subsequent withdrawal of the "western trustee" mills.

Curtailment of profits of mills of one company to 50 per cent.

Instructions to counsel to find a plan for conducting the affairs of the association in such manner as would defeat any attack made upon it by the Federal or State Government.

The association also voted upon the question of granting permission to members to bid on a large prospective contract in competition with a mill outside of the association.

Dates of pool meetings.—Meetings of this particular association, of which we have reports, were held in New York City, either at the Waldorf-Astoria or at the offices of J. H. Parks, across the street, on the following dates: November 14, 15, and 16, 1906; December 13, 14, 15, 1906; January 18, 19, 21, 22, 1907; February 25, 26, 1907; May 27, 28, 1907; August 20, 1907; September 19, 1907; November 21, 1907.

At the meeting in February an advance of \$3 per ton was ordered.

In May, \$3 per ton additional advance was ordered, with a rerating of mills.

In August, \$4 per ton advance was ordered by the eastern and western mills.

In November a shut down of one was ordered, to restrict production.

At the meeting in November the following authorized statement was issued:

"At a largely attended meeting of wrapping-paper manufacturers it was the opinion of every manufacturer present that on account of the difficulty in getting cash to meet the pay roll, due to the financial stringency, and on account of the shortage of pulp wood, it was wisdom to shut down paper machines for at least a week. In order to give stability to the market it was also deemed advisable not to increase or decrease prices, but to hold them as at present."

The western fiber and manila paper manufacturers held a meeting in Chicago in the third week of December, 1907, at the Grand Pacific Hotel, at which the mills in Wisconsin and Michigan making these classes of paper were represented. A shut down of thirty days to starve the market was agreed upon and the maintenance of pool prices was approved.

Box boards.—The box-board makers met in New York in the first week of June, 1907, and advanced the price \$2 per ton, effective June 11, 1907, upon everything except patent white-coated board. This division of the American Paper and Pulp Association also planned a raid on the raw material men to force down their prices.

In the first week of September, 1907, the box-board makers met at the office of J. H. Parks, No. 1 West Thirty-fourth street, New York, to act upon prices and to rerate mills.

Money in Knickerbocker Trust crash.—May I call special attention to a statement published in the Paper Trade Journal of October 31, 1907, giving a report of the locking up of half a million dollars of the funds of this Park pool in the Knickerbocker Trust Company? This fund purports to represent several months' profits of all the mills as well as a two-year accumulation of a contingent fund. The attitude of the Government toward such a fund is a matter which I am sure you will promptly determine.

Book paper.—The book-paper makers, members of the American Paper and Pulp Association, combined in November, 1906, and adopted so-called "trade customs," fixing terms of sale, the minimum basis of weight, and extra prices for lighter weights, for finishing and for trimming and wrapping. Subsequently, after conference with the Jobbers' Association, these regulations were slightly changed. In the modified form they were submitted and formally approved by the American Paper and Pulp Association at its meeting in New York in the second week of February, 1907. From time to time, on dates of which we have not at present the precise record, advances were made in the price of book papers by the combination of book-paper makers.

On April 1, 1907, this book-paper combination made an additional advance of \$2 per ton in prices—new clauses were added to the "trade customs" regulations.

At Atlantic City on May 24, 1907, the book-paper manufacturers met to act in combination upon the price of book papers.

On September 30, 1907, they met in New York City and advanced the prices of eastern mills \$3 per ton and of western mills \$5 per ton. The old custom of sending out trade notices and of giving the new price list was abolished. A new method was adopted. Customers were notified that old prices had been withdrawn and new prices would be quoted on application.

At meetings held in New York, November 20, 21, and 22, 1907, an agreement to restrict production was acted upon. A further agreement to the same effect was made for the holiday week at the end of 1907.

Writing paper.—On January 26, 1907, the writing-paper manufacturers, in accordance with an agreement made among themselves in combination, withdrew previous quotations and issued a new price list averaging \$2 per ton increase. They also adopted trade customs, regulations fixing prices on special sizes of papers and on special colors and on special orders of papers and for special weights of papers and for folding. These regulations were formally ratified by the American Paper and Pulp Association at its meeting in New York in February, 1907. (See p. 422, Paper Mill Directory.)

From time to time the makers of writing paper have met in New York to fix prices. The meeting on the third Friday of September, 1907, was held at Hotel Astor. A restriction of production over the holidays at the end of 1907 was also agreed upon by the writing-paper makers.

Blotting paper.—The blotting-paper makers, members of the American Paper and Pulp Association, advanced their prices \$5 per ton in the last week of February, 1907, as the result of an agreement by a combination, this advance following a similar advance of \$5 per ton, making a total of \$10 per ton within a short period.

Tissues.—The makers of No. 2 white and manila tissues met at the Fifth Avenue Hotel in the last week of March, 1907, to stop price cutting. The Crystal Paper Company, of Middletown, Ohio, has recently withdrawn from that association and has revised its price list to cut under that of the association.

Soda pulp.—The soda-pulp makers in the second week of October, 1907, at a meeting in New York, agreed upon a combination price for the year 1908.

On November 21, 22, and 23, 1907, the soda-pulp makers met in New York City to discuss a shut down in order that the artificial scarcity which they had produced might be maintained. At that meeting they decided not to reduce the price previously agreed upon.

The sulphite-pulp makers met in New York November 20 and 21, 1907, to dissolve the old combination and to form a new one which would dodge the antitrust law. The shutting down of mills to continue the paper famine and maintain old prices was also planned at that meeting.

Sulphite pulp.—On December 19, 1907, the sulphite-pulp makers adopted new by-laws to carry out in new guise the purposes of price fixing and output restriction and trade conditions while evading the Federal statute. The new by-laws and the list of new officers are attached hereto, marked "Exhibit 4."

A restriction of production over the holidays was also planned at the last meeting in December, 1907.

The sulphite pulp makers, in anticipation of Federal inquiry, have changed the form of their organization, which has held monthly meetings in this city for more than a year. (See Exhibit 2, giving rules of the new association.)

We furnish herewith (Exhibit 4) a list of sulphite pulp manufacturers, including Canadians, who attended a meeting at the Hotel Belmont November 20, 1907, for promoting the purposes of the sulphite combination in restraint of trade.

News print.—We herewith furnish your Department a list of news-print paper manufacturers who met in New York City early in September, 1907, to advance prices and who did so advance them as follows: For 1,000-ton orders in rolls, 2½ cents; for less than 1,000-ton orders in rolls, 2.60 cents; for less than 1,000-ton orders in sheets, 2.85 cents.

A prior advance had been made in the first week in March, 1907, and a meeting of eastern and western manufacturers was held in Chicago March 11, 1907, to act upon another advance in price. (See Exhibit 3.)

2. *Seven groups of paper makers.*—Seven groups of paper makers have held meetings in New York City within the last fortnight. These groups include pulp makers, makers of boards, tissue, book paper, news-print paper, writing, and manila and wrapping paper. Sulphite pulp constitutes one-fifth of the material that enters into news-print paper, ground wood constituting four-fifths.

American Paper and Pulp Association.—All of the groups referred to have a common purpose and a common method, which is illustrated by the details herewith shown. All of these are subdivisions of the American Paper and Pulp Association, a national organization that has its headquarters and address at 309 Broadway, New York City. From a merely statistical body, with a restricted purpose of discussion and interchange of ideas, it has become a center for seven divisions of paper makers who have undertaken to cooperate through it in a general restriction of production, a regulation of output, and an advance in prices, through combinations so solidly organized as to control the market arbitrarily by pool agreements and penalties and restrictions.

The paper-making business is so interdependent between these groups that the actions of many of them have contributed materially toward producing an artificial scarcity in news-print paper and an abnormal and utterly unjustifiable increase in the price of news-print and book and other papers.

Half the members of the Fiber and Manila Association are rated also as producers of news-print paper.

Ignoring prohibition of Federal court.—We call your attention to the general shut down recently decided upon by many of these groups, to curtail the supply and to maintain the artificial scarcity by which consumers of paper have been oppressed. (See Exhibit 5.)

We call your attention to the action of the 24 mills which formerly constituted the General Paper Company and which, after dissolution by the Federal court at the instance of your Department, and after service upon them of order of prohibition of further participation in combinations have employed a common traffic manager to regulate shipments for all of them. In other respects they have acted in concert for the promotion of mutual profit and in disregard of the order of the court.

In March, 1907, the announcement came from Milwaukee that the former traffic manager of the General Paper Company, Mr. W. H. Hurlburt, of St. Louis, had been put in charge of routing and shipping all the product of the mills formerly tributary to that company. Previously there had appeared in the western field one John J. Hanrahan, said to be a representative of Dean & Shibley, of 26 Broadway, New York. Mr. Hanrahan traveled from mill to mill with a force of 9 men, comprising N. M. Jones, of the Katahdin Mills, Lincoln, Me., a sulphite pulp manufacturer; George F. Hardy, a paper mill architect; Stuart B. Lansing, a paper machinery maker of Watertown, N. Y.; four representatives of the American Appraisal Company, and two expert accountants from New York.

Evidence is at hand that former members of the General Paper Company have agreed as to "prices and to the imposition of conditions upon the manufacture, sale, and distribution of the paper manufactured" in direct violation of the decree issued by Judge Sanborn.

Their participation in the action of the American Pulp and Paper Association respecting trade customs, the participation of some of them in the Parks pools and in the various arrangements for penalties on excess production are challenges to the authorities which can not be ignored without danger to the foundations of government.

Witnesses who told of combination plans.—We can furnish evidence that the following persons: J. C. Deery, of J. W. Place & Co.; W. B. Moore, a representative of the Berlin Mills, N. H.; a representative of the International Paper Company of New York; a representative of the Richmond Paper Company; and a representative of the Graham Paper Company, of St. Louis, Mo., had knowledge of the uniform raise in prices among manufacturers in advance of the actual announcements by the mills. They told various publishers of an agreement among the mills to uniformly advance prices, and that a uniform price had been fixed, that customers had been allotted to special mills and jobbers, that certain jobbers controlled given territories, that an actual combination existed; that information as to prices, quotations, contracts, and orders was interchanged; that advances in prices were practically simultaneous by the mills. We will furnish evidence that contracts and orders were shifted between mills located East and West without the knowledge or consent of the newspapers, and this occurred between mills that had no known trade relation. These outgivings of proposed increases in prices preceded the alleged increase in the cost of labor and in the cost of wood attending the manufacture of news-print paper. Many of the mills have refused to make quotations to newspapers. One of them claimed to have been oversold when its agent stated that it was not then oversold.

Publishers' supply predetermined.—Publishers who apply for quotations realize that in some intangible way the source of their supply has been predetermined for them and that the price they are to pay has been prearranged for them. In each case the publisher finds that all bids but one are at a prohibitory price. He also finds that he has no remedy against the supply of inferior paper. Unity of action on the part of manufacturers and uniformity of price are obvious.

Publishers who make inquiry of one mill discover that the others have been advised of that inquiry. A secret bureau of information is at work. New selling agencies, representing an aggregation of previously independent mills, have merged the output of those mills.

Various mills have been shut down for various periods upon various pretexts. We allege and expect to be able to prove that some of these mills were shut down to starve the paper market and to create a paper famine.

Creating a paper famine.—At the beginning of the year 1907 there was a stock of 60,000 tons of news-print paper on hand. August, 1907, should have disclosed a reasonable stock on hand and an accumulation; but the announcement came in that month from paper makers that a paper famine was imminent. The president of the American Paper and Pulp Association wrote in September, 1907, as follows: "Every indication points to the fact that the consumption of news paper has rather more than overtaken the production, and with the natural yearly increase in consumption it would seem as though there would be a real scarcity of news paper during 1908, and perhaps for a much longer time."

Increased exports of paper.—Newspapers find a difficulty in reconciling these statements with increased shipments of paper to Mexico, Cuba, Chile, Argentina, and Japan, and an export of 60,000 tons of news-print paper during the year ended June 30, 1907, in disregard of the depleted condition of the domestic market.

Heretofore newspapers have been able to contract for a supply of paper for two or more years, and to adjust their business accordingly. At present they are unable to get bids for more than one year. Jobbers report difficulty in obtaining quotations for any period unless they disclose the names of customers and the use to be made of the paper. When this disclosure is made, jobbers find that satisfactory quotations can be obtained from only one mill. No publisher is safe when mills refuse new orders, as some of them have done.

Cheapness of American production.—Apart from the purely legal or technical phases of the proposition, we can establish to your satisfaction, through reports from consuls in Canada on file in the Department of State, that the pretexts put forward by paper makers for their advances in prices are not borne out by the facts—that the cost of labor has not increased to the extent represented by the paper makers. Figures printed in the Paper Mill Directory for 1907 shows an increase of only 1 per cent in labor cost of a news-print paper mill, the increased production of faster running machines and other improvements having offset the increased pay of the paper-mill employee in up-to-date mills; not one-twentieth of the proposed advance in paper price goes to labor. We can show that news-print paper has been recently made and sold in Canada at \$32 per ton, including profit of mill—and that American mills can and do make paper more cheaply than Canadian mills by reason of a better supply of skilled labor, cheaper coal, and adequate home market for their products, lower ocean rates and lower marine insurance on their exports. American mills pay less in the first cost of their machinery, in the cost of repairs and maintenance of machinery, in the cost of mill supplies, and in many other things.

Canadian paper mills, with American stockholders, have been paying the duty of \$6 per ton and have profitably undersold American mills in the American market.

Speculating in woodlands.—The latest census bulletins on pulp and pulp wood refer to a gigantic speculation in woodlands by pulp and paper companies, as an explanation for an increase in the quoted cost of pulp wood; but these quotations do not represent any considerable part of the supply of pulp wood used by news-print paper makers.

Pouring millions into Canada.—The International Paper Company controls 5,000 square miles of timber land. Within the last week it bought 650 square miles on the Restigouche River, New Brunswick, and it is credited with pouring millions of dollars into investments in Canadian forests, though it previously held woodland that would reproduce forever a supply of spruce pulp wood sufficient to make twice the quantity of pulp it now uses. Any purchases of pulp wood by it from outside sources tend to stimulate the price of pulp wood and to furnish a pretext for an advance in price of news-print paper.

Stumpage.—The stumpage of the International Paper Company is rated on its books at about \$1.70 per acre, but its officers claim to be buying outside supplies on a basis which is three times that book valuation. The International Paper Company advanced its price of paper to \$50 per ton when it had been invoicing wood in the raw from Canada at \$5 per cord. Its officers have been quoted within the last week as saying that \$14 had been paid for pulp wood, and that "this phenomenal advance has forced all companies to mark up the price of paper." Dispatches from Minnesota indicate that the price of pulp wood has dropped to \$4.75 per cord, or less than one-half the former quotation. Canadian paper makers say that \$3 per cord was paid last summer to farmers for pulp wood. Ottawa advices say that there is no increase in the cost of pulp wood.

News-print paper mills that are not entirely modern are now making paper at figures that show a profit of more than \$20 per ton on the paper prices just announced by the International Paper Company (\$52.50 per ton). In other words, for paper delivered, say, in New York, up-to-date mills are making a profit of more than 60 per cent

on the cost of manufacture, delivery, and storage, and they are making a profit of 40 per cent upon a reasonable allowance for the capital required by a modern plant. Public officials who might look with lenient gaze upon those who were trying to save themselves from loss are not justified in countenancing such oppression of innocent buyers by criminal combinations of paper makers.

Profits of 60 per cent.—In 1905, when the International Paper Company was admittedly selling paper at \$38 per ton delivered on the sidewalk, it made a profit of \$5 per ton, as shown by its annual report, indicating that the cost delivered on the sidewalk was \$33 per ton, and that the cost at mills was averaging about \$29 per ton. Many newspapers are at the mercy of this combination of mills that groups together 24 plants, one of which (Haverhill), scheduled at a valuation of \$228,000, was promptly dismantled. Another mill (Herkimer), scheduled at \$592,800, had not been profitable and is not now in operation. Another mill (Fall Mountain), scheduled at \$4,105,507, had one machine that was 60 years old.

These illegal combinations have imposed burdens upon consumers of all kinds of paper, and, if carried out as indicated by the published utterances of the leaders of the various groups, they will add at least \$60,000,000 per annum to the cost of paper as compared with two years ago.

We therefore ask that you direct that proceedings be instituted with a view to obtaining immediate relief.

Yours, truly,

HERMAN RIDDER,
President American Newspaper Publishers' Association.

Also a letter dated March 9, 1908, under the heading of the American Newspaper Publishers' Association, addressed to the President, calling his attention to the letter of Mr. North, Director of the Census, and that of Hon. John Dalzell.

(Following is the letter referred to:)

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York, March 9, 1908.

To the President:

May I bring to your notice an instance of official dereliction which has been far-reaching in its effects?

The Census Bureau has been established with a view of compiling and distributing accurate information. Every one has assumed that reasonable diligence and care were used in the preparation of the figures that it issued.

Under date of December 3, 1907, the Director of the Census Bureau sent a letter, copy of which is inclosed, to Representative Dalzell, purporting to show news-print paper prices for a period of fifteen years, and assuring Mr. Dalzell in writing that he could rely upon the accuracy of those figures. That letter has been used on the floor of Congress as an "official publication" (see page 1641 of the Congressional Record), and it was declared by Chairman Payne, of the Ways and Means Committee, to be "as accurate as accurate can be."

I charge that the Director of the Census has issued, in that letter, a series of false and misleading figures, and that, whether intentional or not, he has served the purpose of a group of combinations which are aiming to add \$60,000,000 per annum to the burdens of printers and publishers.

I charge that the Director of the Census has failed to exercise diligence in obtaining accurate information on paper prices.

I charge that he has used worthless and secondary sources of information—sources that do not accurately quote news-print paper prices. I doubt if the Director has gone to newspapers, or to manufacturers, or to jobbers for information at first hand.

A glance at the letter will show that no quotations are given by the Director for the period from January 1, 1897, to January 1, 1900, a lapse of three years, covering a period when paper dropped to \$32 per ton, or \$18 less than the present asking price. It also covered the period in which 30 mills were merged into the International Paper Company. That omission by the Director requires explanation.

You will note that the lowest price appearing anywhere in that extraordinary compilation of the Director of the Census is \$6 per ton in excess of the lowest price at which paper has been sold in New York. You will also note that these paper quotations have been given official recognition, though they do not purport to show whether they are prices f. o. b. at mill or delivered in press room, New York, or at any particular place, and, therefore, are valueless for purposes of comparison.

No books of any large paper manufacturer will show such prices as are credited by Director North. I have compiled a table, comparing prices in New York with those quoted by the Director of the Census Bureau:

[Prices per ton.]

Year.	Director North's lowest quotation, January 1.	Actual price in New York.	Error in Director North's quotations.
1892.....	\$60.00	\$52.00	\$8.00
1893.....	60.00	48.00	12.00
1894.....	60.00	45.00	15.00
1895.....	60.00	44.00	16.00
1896.....	50.00	40.00	10.00
1897.....	50.00	36.00	14.00
1900.....	50.00	37.00	13.00
1901.....	48.00	40.00	8.00
1902.....	47.00	40.00	7.00
1903.....	50.00	40.00	10.00
1904.....	48.00	40.00	8.00
1905.....	46.00	38.00	8.00
1906.....	38.00	35.00	3.00
1907.....	40.00	40.00	.....

Here are errors with a maximum of 38 per cent. Is that the best that the Census Office can do in the direction of accuracy?

If all the census figures are as accurate as those contained in the letter of the Director, then the money spent for census work is worse than wasted, because it falsifies facts which otherwise could be accurately obtained. Congress can not be expected to legislate intelligently if supplied with false figures.

Every citizen should strive to help you in promoting the public service and I have therefore written this letter to you in the belief that you would promptly take such steps as would prevent the perversion of an important arm of the Government to further the purpose of a combination which is in restraint of trade.

Yours, faithfully,

HERMAN RIDDER,
President American Newspaper Publishers' Association.

Also letter of Mr. North, Director of the Census, to Mr. Dalzell, dated December 3, 1907, with accompanying table.

Following is the letter and table referred to:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF THE CENSUS,
Washington, December 3, 1907.

HON. JOHN DALZELL,
House of Representatives, Washington, D. C.

DEAR MR. DALZELL: As per agreement, I am inclosing a table which shows the actual prices of average news paper from 1890 to date. These figures up to 1896 are compiled from the lists published by the Paper Trade Journal for those years, and represent the prices at which dealers were selling news paper. Since 1896 the prices represent the figures at which the mills were selling news paper, and have been obtained from the columns of the same publication.

The figures are said to run a trifle higher than the actual average sales, especially in view of the fact that the large contracts with daily newspapers, like the World or Journal, would probably average from one-fourth to one-half cent per pound less than those shown in this table. You can therefore rely upon the figures as accurate, and if there is any further service I can render you in connection with the matter I will be obliged if you will let me know.

Very truly, yours,

S. N. D. NORTH, *Director*

Year.	January 1.	April 1.	July 1.	October 1.
1890.....	4.75-5.25	3.25-3.75	3.25-3.75	3.25-3.75
1891.....	3.25-3.75	3.25-3.75	3.25-3.75	3.25-3.75
1892.....	3.00-3.50	3.00-3.50	3.00-3.50	3.00-3.50
1893.....	3.00-3.50	3.00-3.50	3.00-3.50	3.00-3.50
1894.....	3.00-3.50	3.00-3.50	3.00-3.50	3.00-3.50
1895.....	3.00-3.50	3.00-3.50	2.50-3.00	2.50-3.00
1896.....	2.50-3.00	2.50-3.00	2.50-3.00	2.50-3.00
1897.....	2.50-3.00			
1898.....				
1899.....				
1900.....	2.50-3.00	3.25-0.00	2.25-3.00	2.25-2.50
1901.....	2.40-2.75	2.20-2.50	2.15-2.50	2.00-0.00
1902.....	2.35-2.50	2.30-2.50	2.30-2.50	2.375-2.50
1903.....	2.50-0.00	2.40-2.50	2.40-2.50	2.40-2.50
1904.....	2.40-2.50	2.00-0.00	2.35-2.50	2.30-2.50
1905.....	2.30-2.50	2.20-2.35	2.00-2.35	1.90-2.25
1906.....	1.90-2.25	1.90-2.20	2.00-2.25	2.00-2.25
1907.....	2.00-2.25	2.00-2.25	2.50-3.10	

Also letter under heading of American Newspaper Publishers Association dated April 14, 1908, relating to the added burdens of the paper consumers.

Following is the letter referred to:

AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION,
New York, N. Y., April 14, 1908.

DEAR SIR: A Michigan Congressman, in writing to one of his constituents, said I exaggerated and should have been more careful when I wrote to Attorney-General Bonaparte on February 10, 1908, as follows:

"These legal combinations have imposed a burden upon consumers of all kinds of paper, and if carried out as indicated by the public utterances of the leaders of the various groups, they will add at least \$60,000,000 per annum to the cost of paper as compared with two years ago."

Let us see what is the situation: According to the latest reports the present daily output of paper in the United States is as follows:

	Tons.
News.....	3,600
Book.....	1,900
Boards.....	3,300
Wrapping (manila, fiber, and straw).....	2,850
Writing.....	1,400
Roofing and sheathing.....	610
Tissue.....	290
Hanging.....	275
Blotting.....	60

Total per day..... 14,285

Equaling 4,546,920 tons per annum.

The news-print paper combination raised its price in September, 1907, to \$50 per ton in New York and correspondingly elsewhere, a figure that was \$12 per ton in advance of the price of two years previous. The paper makers in that combination refused to make contracts to supply newspapers for more than one year, declaring at the time that the price was going up to \$60 per ton in 1908, thereby planning an advance of \$22 per ton over the price of two years ago.

The total output of news-print paper per annum is approximately 1,123,000 tons; an average increase of \$22 per ton on that quantity would equal..... \$24,710,400

The box-board combination, a secret organization which collapsed on April 1, 1908, admitted that it had raised the price \$10 per ton by the force of combination; its output is approximately 1,029,600 tons, or a total addition for box boards of..... 10,296,000

The wrapping (manila) association marked up its price at 8 meetings in New York \$12 per ton; its total output is 889,200 tons per annum, or a total addition of..... 10,670,400

The book-paper combination, in addition to adopting the "trade customs" for marking up revenues and reducing discounts, had advanced its quotation \$12 per ton on an output of approximately 5,902,800 tons, equaling.....	\$7, 113, 600
The writing-paper combination has followed the example of the book-paper combination in formulating "trade customs" and added \$12 per ton to its price on an output of approximately 436,800 tons, equaling.....	5, 241, 600
The blotting-paper makers added \$10 per ton to the price on an approximate output of 18,720 tons, equaling.....	187, 200
The tissue-paper makers, producing approximately 90,480 tons per annum, added \$10 per ton to their price, equaling.....	904, 800
The roofing and sheathing combination, with an approximate output of 190,320 tons, advanced its price \$10 per ton, equaling.....	1, 903, 200
Hanging paper, with an approximate output of 82,500 tons per annum, advanced the price \$7 per ton, or.....	577, 500
Total.....	61, 604, 700

Here is a total addition planned of sixty-one millions. Where, then, is the exaggeration in charging that the group of paper makers represented in the American Paper and Pulp Association was planning to add \$60,000,000 per annum to the cost of paper as compared with two years ago?

Yours, faithfully,

HERMAN RIDDER,
President American Newspaper Publishers' Association.

Also letter dated April 23, 1908, under the heading of the American Newspaper Publishers' Association, containing the resolution passed by the American Newspaper Publishers' Association, April 22, 1908. (Following is the letter referred to:)

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York, April 23, 1908.

DEAR SIR: The following resolution was passed, with only one dissenting vote, by the American Newspaper Publishers' Association, assembled in annual convention in New York City, April 22, 1908:

"The American Newspaper Publishers' Association, comprising representatives of daily newspapers printed in every section of the country and gathered in annual convention, protests against the subterfuge just designed by Speaker Cannon and Representatives Payne and Dalzell, creating a Committee on Paper Inquiry and thereby blocking the Stevens bill for free paper and free pulp. We charge that this device was inspired in bad faith. Since early in December, 1907, a committee of this body has been clamoring at the doors of the Ways and Means Committee for an opportunity to show the power of illegal combinations of paper makers to raise paper prices and the effect thereon of existing tariff restrictions. Messrs. Payne and Dalzell have repulsed all such efforts. The Speaker of the House has turned away his face whenever any Member strove to raise the issue on the floor of the House. We are now amazed to find that Messrs. Cannon, Payne, and Dalzell have changed their tactics and avow a desire to study the tariff phases of this paper question. They say they want the whole matter investigated thoroughly, though they know that such inquiry will carry over the entire proposition to the next session of Congress. They now pose as champions who had been eagerly asking for that which for four months they had the power to refuse and which they did refuse.

"With the utmost respect and deference for the authority of Congress, we respectfully state that we mistrust the committee just appointed. We challenge the intentions of those who have thus far succeeded in sidetracking the Stevens bill. We charge that action on the Stevens bill has been delayed to the advantage of a combination of paper makers who, in a desperate effort to maintain artificial prices upon a declining market, have shut down nearly 50 per cent of their mills and who, by throwing into idleness a considerable number of their employees, have shown the insincerity of their professions that the tariff duty on paper was needed to protect that labor."

THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
E. H. BAKER, Secretary.

Mr. RYAN. Who is that signed by?

Mr. NORRIS. That is the resolution adopted by the association.

Also telegram dated April 22, 1908, addressed to the Hon. J. R. Mann, House of Representatives, Washington, D. C., and signed by E. H. Baker, secretary.

(Following is the telegram referred to:)

NEW YORK, April 22, 1908.

HON. J. R. MANN,
House of Representatives, Washington, D. C.

The American Newspaper Publishers' Association in convention assembled protests against the subterfuge designed by Cannon, Payne, and Dalzell to prevent relief from the extortions of the paper combine. We ask that the Stevens bill, now throttled in the Ways and Means Committee, be put to a vote on the floor of the House. We represent the seventh largest industry in the United States and have rights that Congress is bound to respect.

E. H. BAKER, *Secretary.*

The CHAIRMAN. I think it would be advisable to have printed in the record a few of the letters, messages, and so forth, which I have received, for information of all parties and of the committee. Here is a letter from James F. Fitzgerald, president-secretary of the International Brotherhood Pulp, Sulphite, and Paper Mill Workers, which will be printed in full, and relates to the matter of investigating the reasons for the increased cost of paper, and so forth. [Reads:]

INTERNATIONAL BROTHERHOOD PULP, SULPHITE,
AND PAPER MILL WORKERS,
Fort Edward, N. Y., April 27, 1908.

Mr. JAMES R. MANN, *Chairman,*
Investigating Committee on Paper and Pulp Manufacturers,
Washington, D. C.

DEAR SIR: In the matter of investigating the reasons for the increased cost of paper, etc., during the past few years, I would suggest that our organization be heard on the subject.

We may be in a position to give facts and figures concerning wages paid in the various paper mills in the East, as compared with the scale paid for similar work in the Dominion of Canada.

For this reason I would respectfully request that someone representing our organization be heard on these matters by your investigating committee.

Yours, truly,

JAMES F. FITZGERALD,
President-Secretary.

Also a letter from Mr. North, Director of the Census, as follows [reads]:

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF THE CENSUS,
Washington, April 28, 1908.

HON. JAMES R. MANN,
Chairman Special Committee,
House of Representatives, Washington, D. C.

DEAR SIR: I have the honor to request that I may be summoned as a witness by the special committee appointed to investigate certain allegations of the American Newspaper Publishers' Association, in order that I may make answer to the charges against the Director of the Census filed with the President of the United States on March 9, 1908, by Herman Ridder, president of the association in question.

I have also the honor to request that I may be permitted to indicate certain witnesses to be called by the committee in the same connection.

Very respectfully,

S. N. D. NORTH, *Director.*

Also a telegram from David S. Cowles, president of the American Paper and Pulp Association, as follows [reads]:

Hon. JAS. R. MANN,
*Chairman Committee on Investigation of Paper and Pulp,
 House of Representatives, Washington, D. C.*

The statement has been made frequently by the publishers association that the American Paper and Pulp Association, of which I have the honor to be president, is the organ of a combination among producers of printing paper. I sincerely hope and respectfully request that during the sessions of your committee our association will be given an opportunity of categorically denying such a charge and replying to any questions that members of your committee may desire to ask regarding the work of the association. With anticipated thanks for your courtesy, I beg to remain,

Yours, respectfully,

DAVID S. COWLES.

Also another letter from Mr. Cowles under date of April 25, 1908, which I think was sent to all the Members of the House of Representatives. I do not know whether you have seen it or not, Mr. Norris?

Mr. NORRIS. I think not.

The CHAIRMAN. It purports to make certain answers, or certain charges, and it might be advisable to insert it also. It is in the nature of a pleading.

Mr. NORRIS. I understand.

(Following is the letter referred to:)

AMERICAN PAPER AND PULP ASSOCIATION,
New York, April 25, 1908.

Hon. JOS. G. CANNON,
House of Representatives, Washington, D. C.

DEAR SIR: We beg to express to you, as a Member of the House of Representatives, our recognition of its course in declining to unjustly discriminate against our industry, in spite of the coercive attitude of the press.

We look upon the appointment of an investigating committee as elemental justice, and we regard the continued efforts of that portion of the press which appears to control the American Newspapers Publishers' Association to oppose the will of Congress, as expressed in the passage of the Cannon resolution, as an exhibition to Congress itself of the utter lack of any sense of justice, which is characteristic of the publishers' attack upon our industry.

It has become manifest that the only kind of paper the publishers are solicitous in regard to is that which they themselves consume, viz, news-print paper. We therefore take this opportunity to state to you that we believe the impartial investigation to which we may look forward will show that there is no monopoly nor conspiracy in restraint of trade among the newspaper mills of the United States, nor any extortion in the prices at which they are selling their product.

We claim that, in general, it will be shown that the cost of pulp wood has doubled in ten years and that a very considerable part of this increase has been in the past two years.

We claim that the rate of labor in news-print mills has increased in ten years 30 to 70 per cent, according to the class of labor and according to whether or not the mills are unionized, and that a large part of this increase has taken place in the past two years.

We claim that it will be shown that the news-print mills are not overcapitalized, and that during a period of ten years the return upon the capital invested has, on an average, barely covered legal interest, and that profits have diminished, especially during the past two years.

We claim that it will appear upon investigation that the average price of news paper for the whole country will not show an increase to exceed 10 per cent in the prices obtained so far this year over the corresponding period for last year, and that the additional price which will be paid for news paper on the basis of the first three months of this year, and on the basis of contracts in existence, assuming the consumption to be the same as in 1907, will not increase the amount to be paid by

the publishers in 1908 over 1907 by more than \$4,000,000, instead of \$24,000,000 as has been alleged.

We claim that it will be shown that the largest producer of news paper does not manufacture or control more than about 35 per cent of the news-print paper produced in 1907, and that there are about 50 mills whose product is sold independently of each other.

We claim that these statements are at least worthy of equal credence with the statements made by the publishers, and all we ask is an opportunity to demonstrate their truth, which opportunity it seems to be the purpose of the publishers to persuade Congress to deny us.

We believe that many Members of Congress who may have taken the side of the publishers when they know the exact facts will change their attitude.

Very truly, yours,

AMERICAN PAPER AND PULP ASSOCIATION,
D. S. COWLES, *President*.

The CHAIRMAN. Mr. Norris, I had understood that Mr. McCormick and members of the newspaper associations would be here this morning, but apparently they will not, so you may proceed.

Mr. NORRIS. While you are in the mood of laying foundations, may I ask, referring to the "whereases" attached to the resolution creating this committee, whether we will be given any information, or whether we can ascertain, where these statements were made recited here—such as, "Whereas it is alleged by the American Newspaper Publishers' Association that the cost of paper to the users thereof is at least \$60,000,000 per annum greater at the present time than it was two years ago;" and "Whereas it is alleged by others that the cost of news-print paper to newspaper publishers, magazine publishers, and printing house managers will, under the price now asked, be \$65,000,000 greater for the current year than heretofore."

The CHAIRMAN. I think that will all be developed, Mr. Norris.

Mr. NORRIS. Will it be developed by the American Newspaper Publishers' Association, as so stated?

The CHAIRMAN. I think so. That is one object in having all of these things put into the record this morning, which you have put in.

Mr. NORRIS. I would gladly have put them in on my own initiative if it had not been at your own request.

The CHAIRMAN. I wanted them in the record for the convenience of everybody.

Mr. NORRIS. That will cover yourself then. [Reads:]

Whereas, it is alleged by the American Newspaper Publishers' Association that the International Paper Company and other paper manufacturers and dealers have threatened to advance and have advanced the price of news-print paper \$22 per ton during the last few months.

Will that also be developed?

The CHAIRMAN. All the evidence on that subject will be developed I suppose. If you deny this statement, I think it can be—

Mr. NORRIS. With the extraordinary high authority for the pater-nity of those "whereases," we assume that we will be given some sort of access to the authorities, or at least have them pointed out to us in so far as they relate to the American Newspaper Publishers' Association.

The CHAIRMAN. If the American Newspaper Publishers' Association wishes to disavow that it has made no such allegation, or wishes to disavow the truth of statements, you will be permitted to do that now.

Mr. NORRIS. I do, emphatically.

The CHAIRMAN. You say that they have made no such statement?

Mr. NORRIS. I charge that the statements made in those preambles to the resolution creating this committee, in so far as they relate to the American Newspaper Publishers' Association, are inaccurate.

The CHAIRMAN. Will you look at the letter of Mr. Herman Ridder, dated March 4, 1908, in which he makes this statement:

I take pleasure in sending to you a copy of letter to the Attorney-General which summarizes the publishers' statement of the efforts made by the seven groups of the American Paper and Pulp Association to stifle competition, to increase prices, and to put an additional burden of \$60,000,000 per annum upon the printing and publishing interests of the country without other justification than the power of combination.

Mr. NORRIS. We do charge that they were making efforts to put that burden upon the newspaper publishers.

The CHAIRMAN. What is the first allegation in the resolution?

Mr. NORRIS. "That the cost of paper to users thereof is at least \$60,000,000 per annum greater at the present time than it was two years ago."

The CHAIRMAN. And you disavow that? Do you claim that that is not his statement here at all?

Mr. NORRIS. That is not Mr. Ridder's statement in that letter.

The CHAIRMAN. Do you deny the truth of this statement in a letter addressed to me from the publisher of a Chicago daily paper based upon Mr. Ridder's letter:

The paper trust, in combination with independent manufacturers of news-print paper, has raised prices to such an extent that an additional burden of \$65,000,000 will be placed this year upon newspaper publishers, magazine publishers, and printing-house managers.

Mr. NORRIS. That is an inaccurate statement.

The CHAIRMAN. That is too mild a term. Here in another letter addressed to me—

Mr. NORRIS. But that is not the statement of the American Newspaper Publishers' Association.

The CHAIRMAN. Oh, it is based wholly upon Mr. Ridder's letter. Here is another letter addressed to me—and these are accessible; I have plenty more of them. It is from the publisher of another Chicago paper, and this is based upon Mr. Ridder's letter:

You no doubt are aware of the actual conditions as they exist in the print-paper market to-day, and that an extra burden amounting to \$60,000,000 per annum has been heaped upon the shoulders of the publishers and printers.

That is another inaccurate statement, is it?

Mr. NORRIS. That is inaccurate as to the statement that it "has been heaped upon;" it had been planned, for they were aiming to do it. We will accumulate evidence showing that their plan was to raise the price of news-print paper to 3 cents, which carried with it—

The CHAIRMAN. Do you claim, as a matter of fact, that the statement in Mr. Ridder's letter of March 4, 1908, in which he said that there was practically a combination to put an additional burden of \$60,000,000 per annum upon the printing and publishing interests of the country, is true?

Mr. NORRIS. I do.

The CHAIRMAN. You claim that that statement is true?

Mr. NORRIS. I do, emphatically.

The CHAIRMAN. That there has been a proposition to put an additional burden of \$60,000,000 upon the printing and publishing interests?

Mr. NORRIS. There were a group of combinations, the net result of which, if all of their plans carried, all of their published plans were accomplished, would have added \$60,000,000 per annum to the cost of paper of all kinds.

The CHAIRMAN. No; but I am asking you the question in reference to the letter. Do you claim that the statement in Mr. Ridder's letter of March 4, 1908, in which he said that it was planned to put an additional burden of \$60,000,000 per annum upon the printing and publishing interests of the country, is true?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. We would be glad to have you demonstrate that fact. What do you figure the total amount paid for print paper by the printing and publishing interests of the country to be?

Mr. NORRIS. The great bulk of all paper made—there is a very inconsiderable part of it. Of course we include in that the fiber and manila trade and the blotting paper.

The CHAIRMAN. You do not figure the blotting paper as publishing paper, do you?

Mr. NORRIS. We regard that as part of the publishing business.

The CHAIRMAN. Do you consider wall paper as part of the publishing business?

Mr. NORRIS. It was intended to include all paper consumers in that.

The CHAIRMAN. Do you consider that wrapping paper is a part of the printing and publishing business?

Mr. NORRIS. That statement is inaccurate to the extent that it was restricted to the printing and publishing business. It meant paper consumers.

The CHAIRMAN. You are attacking the allegations in the resolution. I think the resolution more fairly and accurately states the substance of what you endeavor to state here, which you admitted inaccurate.

Mr. NORRIS. Do you claim that the preamble is accurate?

The CHAIRMAN. I think it practically states the position—

Mr. NORRIS. We deny that.

The CHAIRMAN. It states the impression which was made upon the people in the country generally. The statement of Mr. Ridder was that the proposed increased price of paper would add \$60,000,000 per annum to the cost of printing and publishing.

Mr. NORRIS. Well, do you think it is material whether the \$60,000,000 burden planned, if conceded, and if applied to all consumers of paper should reach \$60,000,000—that if that should be proven, do you think it is material whether that statement was confined to printing and publishing interests, or to paper consumers?

The CHAIRMAN. I think it is extremely material as to whether the \$60,000,000 burden is upon one thing, or upon everything in the United States, or upon a large class of things.

Mr. NORRIS. If it related to paper makers combining in such a way that the taking of their machines off of one kind of paper and putting it on news-print paper affects the whole business—is not that a factor in it?

The CHAIRMAN. Undoubtedly that is a factor, and we are perfectly willing to say that we are directed to cover the whole subject of paper, because evidently the gentlemen who prepared the resolution prepared it with a view of covering the whole question, whereas all that you people had ever said, that I have ever seen, was confined to the printing and publishing interests, although that was not what you meant at all.

Mr. NORRIS. It was the paper consumers.

The CHAIRMAN. Thereby misleading—and you mislead me. I was horrified when one of my friends in Chicago wrote me that his paper bill had increased so much, and that \$65,000,000 a year would be added to the printing, magazines, and publishing interests of the country in one year. Now you disavow that, although one would get the impression from Mr. Ridder's letter as being an absolute statement of a truthful fact. Of course we do not hold you responsible for Mr. Ridder's letter. We will talk that over with Mr. Ridder when he comes before us.

Mr. NORRIS. I am willing to accept the responsibility for a very large part of that phrasing, and I have no hesitation on that subject.

Shall I submit to you now a letter which shows how these fiber and manila and other uses affected the output of news-print paper?

The CHAIRMAN. We do not wish to direct you as to the form of your testimony. It is immaterial to me how you proceed.

Mr. NORRIS. While you are on that subject—I anticipated your possible inquiry in that direction. [Reads:]

MANUFACTURERS' PAPER COMPANY,
New York, August 9, 1907.

Mr. JOHN NORRIS,
Business Manager New York Times,
Times Square, New York City.

DEAR SIR: Referring to our recent letter, would state that we have gone very carefully into the matter of paper supply and are sorry to say that we find it would not be safe for us to take on your contract, as our present contracts, and customers are taking every pound of paper we can possibly turn out.

You are undoubtedly aware that during the last few months there has been a very material increase in the price of paper. At the present time we are able to get 2½ cents net, ex cars at points in New York and New England on contracts from 200 to 500 tons a year. Under ordinary conditions, this would induce us to put our mills making other grades of paper on news paper, but there has been corresponding increase in price on other grades of paper; and consequently, there is no inducement for us to turn from the other grades to news paper.

Yours, truly,

(Signed) MANUFACTURERS' PAPER CO.
A. C. SCRIMGEOUR.

The CHAIRMAN. I suppose nobody questions that there has been an increase in the price of paper, but the point you were endeavoring to make a while ago was that the allegation in the resolution was incorrect, when the fact is that you had alleged that the increased cost, at least to the minds of the people who had written to us, based upon that, was \$60,000,000 on the printing and publishing interests. You do not claim that to be the case now, as I understand it?

Mr. NORRIS. Our claim applies to all consumers of paper. I do not claim—and I will answer your statement categorically—we do not claim that that is confined especially to the printing and publishing business, but that it applies to the computation of the burdens which all the paper combinations aimed to impose upon all paper consumers.

The CHAIRMAN. Have you made any calculation as to how much of this \$60,000,000 would apply to the printers and publishers?

Mr. NORRIS. No. It would eliminate wall paper; it would eliminate to an extent fiber and manila paper; it would eliminate tissues; it would eliminate blotting paper; it would eliminate roofing and sheathing paper.

The CHAIRMAN. And writing paper?

Mr. NORRIS. A considerable part of writing paper.

Mr. SIMS. Have you any knowledge of the comparative productions of these different kinds of paper?

Mr. NORRIS. This letter, which is in, shows accurately how much news paper, how much book per day, how much writing per day, how much fiber and manila and straw wrapping paper, how much blotting, how much tissue, how much roofing and sheathing—

Mr. SIMS. Does it also show the advance upon each character of paper?

Mr. NORRIS. It does undertake to give that advance and to compute upon that a statement as to what would be the added burdens to the paper consumers as a result of the accomplishment of the plans of these people in nearly every case, excepting that as to the news-print paper having been accomplished to the fullest extent of the computation there made.

The CHAIRMAN. As a matter of fact, it does not indicate the advance that has been made at all, does it?

Mr. NORRIS. It does.

The CHAIRMAN. It indicates the advance that is proposed to be made, not the advance that has been made.

Mr. NORRIS. I do not so understand it. I understand that on writing, on most of the book, on fiber and manila, on box board, it represented the actual advance, while on the 1st of April, 1908, which is four weeks ago, the box-board pool collapsed, and the price dropped on that day from \$8 to \$10 a ton; but I think in that formulation that advanced price was only marked at \$10 or \$12. The letter shows for itself.

Mr. RYAN. Does that letter that you refer to show the output upon each of the different kinds of paper for the year?

Mr. NORRIS. It does, and the prices which, upon other than newspaper, it was computed they had been planning to advance. It does not say that they had accomplished it on all of their output. It is intended to imply that these paper groups or combinations or pools were organized for the purpose of marking up the price. We will give evidence of the dates and the amounts of the various raises made by these various combinations, their meeting places, and to some extent the membership of the combinations which figure in these various groups that added to the burdens of the paper consumers.

Mr. RYAN. Is all of that contained in that letter, or is this evidence you are going to submit?

Mr. NORRIS. That which I have just stated is evidence which we have partially submitted in the letter to Mr. Bonaparte; and additional which we will furnish to the committee in the way of newspaper reports, and the best evidence that we could collect, the Paper Trade Journal reports of the announcement of various raises and of the restriction of output, and of the closing of mills and maintenance of prices upon a declining market, the maintaining of a forced price

when there was no consumption for it including a letter from Mr. Cowles to the trade about maintaining prices.

The CHAIRMAN. Did you get your prices from the Paper Trade Journal?

Mr. NORRIS. Which prices—no, I tried to.

The CHAIRMAN. On these different kinds of paper.

Mr. NORRIS. From their quotations?—excuse me—

The CHAIRMAN. Did you?

Mr. NORRIS. I did not. In two or three cases I called up the dealers in those particular lines to ascertain. In other cases I had the data from the announcement of the various raises from time to time.

The CHAIRMAN. How did you get those; through the Paper Trade Journal?

Mr. NORRIS. From the announcements from time to time. These are news reports of meetings, of announcement of advances in rates.

The CHAIRMAN. But they do not necessarily indicate what the paper sold for. People often resolve?

Mr. NORRIS. Well, in one of the combinations, that of book, we felt the results of the resolves. We buy for a pictorial supplemental which we print on Sunday, and we found that the book combination could raise—did raise—prices so that we could not buy as cheaply as we had before, and we knew from the notices sent to us as to what had happened, how the market had been raised, the days almost that it had been decided upon.

The CHAIRMAN. Mr. Norris, I suppose there was some purpose in making the statement there had been an additional burden of \$60,000,000 either added or proposed to be added to the cost of paper through combinations?

Mr. NORRIS. Surely.

The CHAIRMAN. A purpose which was to show—

Mr. NORRIS. To emphasize the importance of this situation.

The CHAIRMAN. Why was it, then, in making the statement which was made, that you did not make it according to facts; make the statement that that proposed burden was put upon the prices of paper, and not upon the printing and publishing interests, which would probably be less than half of it?

Mr. NORRIS. The letter to Mr. Bonaparte was upon paper consumers.

The CHAIRMAN. The letter of Mr. Ridder refers to half of it as upon the printing and publishing interests, and that is not the only letter where he makes use of that expression.

Mr. NORRIS. At the end of the Bonaparte letter you will see the clause upon that.

The CHAIRMAN. You have been in the newspaper business long enough, I apprehend, to know the value of headlines, and that where one person would read three columns, and a good deal more than that, of fine print, a thousand persons might read five or six lines of Mr. Ridder's statement. Do you think that is justified by the facts, to make headlines that are not justified at all by the letter following?

Mr. NORRIS. Whether it was a headline—I do not see the headline; I do not know what you mean, but if there was an addition—

The CHAIRMAN. That Mr. Ridder's letter of March 4, 1908, is a headline of his letter of February 10, 1908—

Mr. NORRIS. To the extent that it restricts the burden merely to the printing and publishing interests, that is inaccurate; but to the

extent that there was an addition of \$60,000,000 planned to be added to the burden of paper consumers, it is entirely accurate, so far as a fair estimate could be made of that situation.

The CHAIRMAN. You might say, then, that it was fairly accurate if you referred to the burdens added to consumers of all things in the United States.

Mr. NORRIS. No; I was talking of paper when I made that statement to you.

The CHAIRMAN. In his letter to the President of March 9, 1908, referring to Mr. North, he uses this language, too:

He has served the purpose of a group of combinations which are aiming to add \$60,000,000 per annum to the burdens of printers and publishers.

Is that a correct statement?

Mr. NORRIS. That is incorrect in so far as it confines it to the printers and publishers; it is correct so far as it puts the burden upon the paper consumers.

The CHAIRMAN. You might say upon all consumers just as well.

Mr. NORRIS. No; I do not. We are aiming at all paper combinations, and especially those which in any way remotely affect the price of news-print paper, and the fiber and manila proposition, to the extent that any part of that machinery could be used for news-print paper or could drive out machines that otherwise would go to news, is properly included in that.

The CHAIRMAN. Well, the subject is properly included under the subject of the investigation; but do you think it is a fair statement, or was a fair statement, to the newspaper publishers themselves and to the Congress, to say that there was a combination seeking to add \$60,000,000 per annum to the burdens of printers and publishers? Did not that give a very exaggerated idea of the burdens that were bad enough anyhow?

Mr. NORRIS. No, sir.

The CHAIRMAN. You think not?

Mr. NORRIS. I think not.

The CHAIRMAN. And your opinion is based upon the proposition of the truthfulness of these statements of Mr. Ridder?

Mr. NORRIS. The substantial accuracy of them in so far as they apply to the charge that there was planned and aimed an effort to add \$60,000,000 per annum to the burdens of the paper consumers.

The CHAIRMAN. You think, then, substantially that it is a truthful statement to say that there was a group of combinations aiming to add \$60,000,000 per annum to the burdens of printers and publishers?

Mr. NORRIS. And other paper consumers.

The CHAIRMAN. I would like your opinion upon the statement that was made.

Mr. NORRIS. I have answered that three or four times.

The CHAIRMAN. I think you have avoided answering it.

Mr. NORRIS. Not at all.

The CHAIRMAN. You may proceed.

Mr. NORRIS. Before we leave the "whereases," there is another whereas in that resolution which says:

It is stated by the Attorney-General of the United States that after complaint had been filed with said Attorney-General against the so-called paper combination or trust, the complainant refused to furnish legal proof or give the names of witnesses having personal knowledge of the facts.

I call the attention of the committee to the statement to the Attorney-General, which says:

It is proper for me to say in this connection that certain alleged facts were submitted to this department when the above mentioned investigation was commenced which apparently authorized the belief that serious and readily proven offenses against the laws of the United States had been committed in the premises, and immediate action by the appropriate officer was thereupon promptly ordered, but these orders disclosed that no legal proof could be secured of the alleged offenses, the evidence relied upon to establish them turning out to be merely hearsay, and the complainant himself, who had furnished this information, refusing to give the name of a witness supposed to have personal knowledge of the said facts.

I want to state that the information which was furnished has been turned over to the Department of Justice, and the Department of Justice now has that under investigation, and has been investigating the facts, but I do not know that I am in a position to state that it is substantial evidence—

The CHAIRMAN. What have you to state about the "whereas" in the resolution? Does that state the facts?

Mr. NORRIS. He did not refuse to give the name of the witnesses having personal knowledge of the facts. We furnished the names.

The CHAIRMAN. The Attorney-General says that he did. I do not know what the fact is, but the complainant himself, who has furnished the information, refuses to give the names of the witnesses.

Mr. NORRIS. Of a witness who had brought the information, but not of the witnesses available for the investigation.

The CHAIRMAN. If that is not a statement that the complainant has refused to give the name of any witness, I am unable to understand the English language. We can not go into the criminal question there.

Mr. NORRIS. We did furnish the names of witnesses, who are now being examined, and who are disclosing the facts.

The CHAIRMAN. If you furnished the name of that witness prior to April 13, 1908, the Attorney-General is neither frank nor truthful in his reply.

Mr. NORRIS. This is not a criticism of the Attorney-General, but merely a criticism as to the extent to which the Attorney-General's statement was recited in the preamble.

The CHAIRMAN. It is in reply to the resolution of the House, and in a message to the House, in which he states that you had declined to give the name of any witness—any witness—to substantiate the facts.

Mr. NORRIS. That is not accurate. He refused to give the name of important witnesses from whom certain information had been obtained, but witnesses as to the combination were furnished galore—20 names.

The CHAIRMAN. It would be a very remarkable reading to say "who had furnished information, but refusing to give the name of a witness." Have you given the names of 20 witnesses?

Mr. NORRIS. However, that is not material.

Mr. SIMS. Has the name of the witness referred to in the Attorney-General's letter since been given?

Mr. NORRIS. Since been given to the grand jury?

Mr. SIMS. No; to the Department of Justice having charge of the matter.

Mr. NORRIS. Yes.

The CHAIRMAN. Of course you understand, Mr. Norris, or probably you do not understand, that about the only object required in the resolution of inquiry is to lay the foundation for jurisdiction of the committee to require testimony to be given to this body.

Mr. NORRIS. There is not any question about the jurisdiction of the committee. We are not raising the slightest objection to the fullest—

The CHAIRMAN. You may not raise any question about it, but the point might easily be before the committee in the course of this inquiry, that somebody would raise the question as to its jurisdiction.

Mr. NORRIS. Possibly; but I am not aware of it, however.

The CHAIRMAN. A committee that is in process of formation usually endeavors, is careful—we endeavor to be careful—to provide for all contingencies that might arise in the way of denial of jurisdiction.

Mr. NORRIS. Shall I proceed?

The CHAIRMAN. Certainly.

Mr. NORRIS. There were some letters of yesterday which I had withheld until I had obtained permission for their release. I have a letter from the Evening News, of Los Angeles, Cal. [Reads.]

THE EVENING NEWS (INCORPORATED),
Los Angeles, Cal., October 18, 1907

COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York City, N. Y.

GENTLEMEN: In accordance with your recent request for information regarding experience of the Evening News with paper manufacturers, agencies, etc., we take pleasure in handing you herewith our personal and confidential report, supplemented by further information contained in this communication.

With reference to the first inquiry relative to attitude of Representative in Congress from this district, will say that we have at this time no definite information, but will endeavor to learn in the near future and will very gladly report fully when definite information is available.

Briefly, the paper question, so far as The Evening News is concerned, may be stated as follows: Beginning October 1, 1905, a contract for our entire supply was entered into with the International Paper Company for a term of twelve months on a basis of \$2.60 f. o. b. Los Angeles. This was for a special grade of paper, rather a better quality than ordinarily used in the West, and at that time the price seemed fairly satisfactory. Sixty or ninety days prior to expiration of that particular contract we opened negotiations with the International Paper Company, but were unable to renew on a satisfactory basis, and while our negotiations with that company did not proceed to a definite conclusion, the intimation was that the price would be raised for a second year's supply. At the same time quotations were submitted to us by Mr. J. B. Jones, of this city, representing the Graham Paper Company, of St. Louis, and in due course of time a contract was made with that company on a basis of \$2.53 f. o. b. Los Angeles. This last-named contract expired October 1, 1907, and during almost the entire term of the contract we experienced difficulty in securing shipments from the mill, located at Lisbon Falls, Me. Notwithstanding the fact that our orders were never placed less than sixty days in advance of specific dates for shipment, cars would be delayed at the mill from five to twenty days, and instead of cars containing the maximum quantity for each carload the contents would be restricted practically to the minimum carload lot, which caused us constant trouble and annoyance.

Beginning about May 1, 1907, Mr. Jones, representing the Graham Paper Company, called upon us with reference to the proposition of paper supply for the ensuing year; that is to say, on and after October 1, 1907. Mr. Jones stated repeatedly that combinations were being formed, that print paper was sure to advance, and finally, in response to our request, submitted us price for renewal contract. At first, best quotation of the Graham Paper Company was \$3.05 f. o. b. Los Angeles, which afterwards was modified to \$3. In June, 1907, without any solicitation on our part whatever, we unexpectedly received a communication from Mr. John A. Davis, of H. G. Craig & Co., New York City, intimating clearly that his house would like to submit

price on paper supply. We immediately asked for quotations and could get no satisfactory reply; in fact, subsequent correspondence indicated clearly that Craig & Co. had concluded for reasons best known to themselves to make us no price. We also wrote about the same time to the International Paper Company, asking for quotations, and were advised that they could not take on an additional paper.

We are inclosing herewith copies of all the letters received from Craig & Co. (John A. Davis), also copy of letter from the International Paper Company, to be considered as a part of the personal and confidential report herewith. Afterwards we made a more satisfactory contract with the Willamette Pulp and Paper Company, of San Francisco, than was possible to secure through any of the Eastern houses, although this was made at an advance of 15 per cent over previous contract terminating October 1, 1907, and we were obliged to place an order for eight carloads through the Willamette Company, to be supplied from a Canadian source, which is just now being received by us. This paper is billed from Laurentide Paper Company, Grand Mere, Canada, and the price given us is \$1.90 at the mill. Freight, duty, brokerage, and consular fees will bring the cost of this excess supply to rather more, probably, than \$3.

Answering inquiry (H), personal and confidential report, will say that in the month of July or August, this year, Mr. J. B. Jones, local representative of the Graham Paper Company, stated definitely to the writer that he had personal advices from his house to the effect that there would be a sharp and continued advance in paper owing to the fact that a new trust was being formed, at that time engaged in purchasing practically all of the print-paper output of Wisconsin and Minnesota mills. Mr. Jones's statement was borne out by public announcement confirming this, which appeared in the public press a few days afterwards. This also answers in part interrogation (O) of personal and confidential report.

While we have, of course, no absolute direct evidence of collusion on the part of the manufacturers or their agents other than the statement already given made by Mr. Jones, yet our experience is such as to show conclusively that every quotation made us was in all probability passed on to all other manufacturers or agencies, with the possible exception of the Willamette Pulp and Paper Company. We can not state, from our own experience, that the last-named concern is in any way identified with the so-called eastern trust, although it is a fact that their prices have advanced very materially over quotations of one year ago.

If there is any further information which we can give you we shall be glad to have you call upon us.

Very truly, yours,

THE EVENING NEWS,
By C. A. HUGHES,
Business Manager.

Mr. STAFFORD. What is the capacity of the Willamette mill?

Mr. NORRIS. I haven't the slightest idea. I never heard of it excepting through these letters. [Continues reading:]

[Telegram.]

O. A. HUGHES,

Business Manager, The Evening News, Los Angeles:

Letter 27th states your position plainly. Trust same satisfactory.

H. G. CRAIG & Co.

INTERNATIONAL PAPER COMPANY,
New York, June 3, 1907.

Mr. C. A. HUGHES,

Business Manager, The Evening News, Los Angeles, Cal.

MY DEAR MR. HUGHES: We regret exceedingly that we are not in a position to offer you a quotation on your business, and we fear that for at least a year to come our conditions will preclude us from taking on any new business. Needless to state, we appreciate very much your kindness in approaching us, and we can assure you that we hope one of these days to be in a position to renew our former pleasant business relations.

Thanking you for your kind wishes, which are reciprocated,

Very cordially, yours,

A. E. WRIGHT,
Manager News Division.

H. G. CRAIG & Co., PAPER MERCHANTS,
New York, June 4, 1907.

Mr. C. A. HUGHES,
Business Manager, Los Angeles Evening News, Los Angeles, Cal.

MY DEAR MR. HUGHES: If my memory serves me correctly, your news contract will expire in the early fall. If I am correct in this, and you are in a position to negotiate a contract, should be very glad to name you a price upon receipt of your advices, together with all information surrounding your requirements, such as size of rolls, monthly consumption, and methods of payment. I am not familiar with your present organization and should be glad if you will inform me regarding it.

Since the passing away of the General Paper Company I have purchased an interest in this concern, and am meeting with every encouragement. We have the second largest newspaper tonnage in the country, and are equipped to extend to you a service equal to that obtainable from any of our competitors.

Yours, very truly,

JOHN A. DAVIS.

H. G. CRAIG & Co., PAPER MERCHANTS,
New York, June 15, 1907.

Mr. C. A. HUGHES,
Business Manager, The Evening News, Los Angeles, Cal

MY DEAR MR. HUGHES: Your letter of the 10th reaches me just as I am leaving my office. Will be out of town the first part of this week, and immediately upon my return will take the matter up with you. Judge this will be in ample time, as your contract does not expire very soon.

With kind regards, very truly, yours,

JOHN A. DAVIS.

H. G. CRAIG & Co., PAPER MERCHANTS,
New York, June 27, 1907.

Mr. C. A. HUGHES,
*Business Manager, The Evening News,
Los Angeles, Cal.*

MY DEAR MR. HUGHES: With further reference to our recent correspondence regarding your year's supply of newspaper, as your contract does not expire for several months, we should prefer not to name any price at this time, but would be glad to take it up with you a short time in advance of expiration. Our reasons for this are that the acute conditions surrounding the manufacture of paper, together with the unsettled labor conditions, have decided us to practically withdraw all quotations for the immediate present, but just as soon as we can see our way clear to intelligently anticipate the future conditions shall be very glad indeed to take the matter up with you, which we trust will be satisfactory.

With kind regards, very truly, yours,

JOHN A. DAVIS.

P. S.—Do you expect to be East this summer?

H. G. CRAIG & Co., PAPER MERCHANTS,
New York, July 2, 1907.

Mr. C. A. HUGHES, *Business Manager,
The Evening News, Los Angeles, Cal.*

DEAR SIR: We are in receipt of your telegram addressed to Mr. Davis, reading as follows:

"Please wire best quotation for paper supply as indicated our letter June 10. Prompt answer requested." and have wired you as per confirmation herewith inclosed, which we trust is satisfactory.

Mr. Davis is out of town, and upon his return you no doubt will hear further from him regarding this subject.

Yours, very truly,

H. G. CRAIG & Co.

H. G. CRAIG & Co., PAPER MERCHANTS,
New York, July 9, 1907.

EVENING NEWS,
Los Angeles Cal.

GENTLEMEN: Mr. John A. Davis has unfortunately been called away by illness, without having had an opportunity of replying to your letter of July 1. He will take this matter up with you immediately upon his return, which we expect will be in a couple of days.

Yours, very truly,

H. G. CRAIG & Co.
N. L. MILLER.

General Agnus is here and perhaps the committee would like to hear him.

The CHAIRMAN. Very well; we will be glad to hear him.

STATEMENT OF GEN. FELIX AGNUS, OF BALTIMORE, MD.

The witness was sworn by the chairman.

The CHAIRMAN. Please state your name, General.

General AGNUS. Felix Agnus.

The CHAIRMAN. And you are publisher of—

General AGNUS. Publisher of the Baltimore American.

The CHAIRMAN. I suppose the primary purpose of your being a witness here at present is in reference to the price of paper, and we would be glad to hear from you on that. What are you paying for paper now?

General AGNUS. I am paying \$2.50.

The CHAIRMAN. \$2.50 per 100?

General AGNUS. Yes, sir.

The CHAIRMAN. How long have you been paying that?

General AGNUS. Since the 1st of January. Previous to that I was paying \$1.90, which makes an increase of \$12 a ton.

The CHAIRMAN. You are paying \$2.50 now, where delivered?

General AGNUS. In Baltimore.

The CHAIRMAN. On the sidewalk?

General AGNUS. Yes, sir.

The CHAIRMAN. Is that where you were paying previously \$1.90 for it?

General AGNUS. Yes, sir.

The CHAIRMAN. How long did you pay \$1.90?

General AGNUS. Two years.

The CHAIRMAN. What did you pay before that?

General AGNUS. Two cents, from the Great Northern Mill.

The CHAIRMAN. Can you give us the dates?

General AGNUS. I think I can; I have the contracts here.

The CHAIRMAN. Do you purchase your paper all under contract?

General AGNUS. All under contract; yes, sir; we always do.

The CHAIRMAN. It is in rolls, I assume?

General AGNUS. Yes, sir; and delivered right on our pavement.

The CHAIRMAN. Have you the contracts here?

General AGNUS. Yes, sir; I have.

The CHAIRMAN. Going back how far?

General AGNUS. The contract with the Great Northern is dated—no, I haven't the contract with the Great Northern, but I had a contract with the Great Northern for two years previous to this. I have now a contract with the International Paper Company.

The CHAIRMAN. What two years was that?

General AGNUS. We had a contract for five years, my business manager informs me, previous to 1906; it must have been in 1901.

The CHAIRMAN. From 1901 up to what time?

General AGNUS. To 1906.

The CHAIRMAN. That is to January 1, 1906?

General AGNUS. Yes; January 1.

The CHAIRMAN. January 1, 1901, to January 1, 1906?

General AGNUS. Yes; sir.

The CHAIRMAN. Who was that contract made with?

General AGNUS. With the Great Northern Publishing Company.

The CHAIRMAN. Not the Great Northern Publishing Company?

General AGNUS. I mean the paper company; I beg your pardon.

The CHAIRMAN. How much paper did you buy under that?

General AGNUS. On an average of 5,000 tons a year.

The CHAIRMAN. That was at what price?

General AGNUS. Two dollars. Then I changed from that to the International Paper Company on January 1, 1906, at \$1.90.

The CHAIRMAN. Have you your contract with the Great Northern Company?

General AGNUS. No, sir; not with the Great Northern, but I have it with the International.

The CHAIRMAN. Can you furnish us with a copy of the contract with the Great Northern Company?

General AGNUS. I am satisfied I can. I think we have a copy of it.

The CHAIRMAN. January 1, 1906, you made a new contract?

General AGNUS. Yes, sir.

The CHAIRMAN. With whom?

General AGNUS. With the International Paper Company, for two years—to December 31, 1907.

The CHAIRMAN. That was at \$1.90?

General AGNUS. \$1.90.

The CHAIRMAN. Have you that contract?

General AGNUS. Yes; here it is.

The CHAIRMAN. Will you furnish us that contract?

General AGNUS. Yes.

The CHAIRMAN. It may be put in the record.

(Following is the contract referred to:)

This agreement, made this 8th day of September, in the year 1905, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and Charles C. Fulton & Co., of the city of Baltimore, Md., hereinafter called the publisher, party of the second part.

Witnesseth, that the parties hereto, in consideration of the mutual promises and agreements of each other, and the sum of \$1 and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the publisher, and the publisher hereby agrees to purchase and take from the manufacturer, for use in the publication of the Baltimore American, a newspaper published in the city of Baltimore, Md., its entire supply of white news-print paper, estimated at 10,000 tons of paper, more or less, during the period from January 1, 1906, to December 31, 1907, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of the same quality as that supplied to the Philadelphia North American, as evidenced by 12 copies of said paper, dated August 24, 1905, and shall be satisfactory to the publisher, the publisher to be the sole judge as to the quality.

It is further understood and agreed that the manufacturer guarantees the quality and quantity of said paper agreed herein to be furnished from time to time as and when required by the publisher; and further agrees that in the event of the quality or

quantity not being maintained according to the spirit of this contract, that then the publisher, in addition to other legal remedies, shall have the right to purchase paper elsewhere, the manufacturer agreeing to pay to the publisher the difference between the contract price herein agreed and the open-market price the publisher has to pay, during such failure on the part of the manufacturer, for the paper which the publisher has to purchase to supply his needs; or the publisher shall have the right at his option to terminate this contract, anything herein contained to the contrary notwithstanding, but the manufacturer shall remain liable to the publisher for all loss and damage sustained by reason of such failure.

The basis of weight of paper supplied under this contract shall be as follows: Twenty-four inches by 36 inches, 500 sheets of said paper to weigh 32 pounds, with a variation of 1 pound each way; the width of the rolls to be 73½ inches, and weighing 1,200 pounds; 55½ inches, weighing 900 pounds, and 36½ inches weighing 600 pounds, or such other width as the publisher may determine, and in such other proportions as the publisher may require, the understanding being that all paper manufactured in the sizes above mentioned shall be consumed, should the new sizes go into effect, and that the manufacturer shall have ample notice in the event of the publisher making a change. All the paper furnished under this contract by the manufacturer shall be delivered at the expense of the manufacturer to the publisher at the sidewalk in front of the press room at the publishers' place of business in Baltimore, Md., daily as required by the publisher.

Second. The publisher hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement \$1.90 per 100 pounds, the billing to represent the gross weight of package, unless error is discovered in this weight after its arrival in Baltimore and before the removal to premises of publisher, less the weight of core only. Such payment shall be made on the 15th day of each month for all paper delivered the previous month, either in cash or by four months' negotiable notes dated on the 15th of the current month and bearing interest at the rate of 5 per cent per annum.

Third. The manufacturer agrees to purchase from the publisher, at \$1.90 per 100 pounds, such white waste and wrappers as shall come from the press room from the paper delivered under this contract, such purchase to be made at Baltimore, provided that such waste is properly packed and no allowance shall be made for paper remaining on cores returned. The publishers can deduct this sum from any moneys due to the manufacturer by him hereunder. All damaged paper shall be kept for disposal of the manufacturer.

The manufacturer agrees to keep at its expense at all times during the continuance of this contract a two weeks' supply of paper in storage in the city of Baltimore, Md., the quantity to be designated by the publisher, and all paper required by the publisher to be carried in storage in excess of a two weeks' supply for the benefit of the publisher, shall be at their expense.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the publisher shall be unable to take or use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the publisher for failure to supply such paper beyond the excess amount paid by such publisher for his requirements during the period of the manufacturer's disability, nor shall the publisher be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the publisher shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may, at its option, cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the publisher hereunder due forthwith, notwithstanding the terms of this contract, but the publisher shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

This contract shall commence on the 1st day of January, 1906, and shall terminate on the 31st day of December, 1907.

In witness whereof the parties hereto have hereunto set their hands and seals, at the city of Baltimore, the day and year first above written.

INTERNATIONAL PAPER COMPANY,
By TOM T. WALLER,
Second Vice-President.

Witness:
M. G. GIBBONS.

CHARLES C. FULTON & COMPANY,
By FELIX AGNUS,
Manager and Publisher.

Witness:
J. W. STODDARD.

The CHAIRMAN. Have you made a new contract commencing to operate January 1 last?

General AGNUS. 1908 to 1909.

The CHAIRMAN. Who was that contract with?

General AGNUS. With the International Paper Company also.

The CHAIRMAN. Can you furnish a copy of that contract?

General AGNUS. Here it is.

The CHAIRMAN. Is that the original of a copy?

General AGNUS. Both are originals. This is at \$2.50.

The CHAIRMAN. I suppose you will want those contracts back?

General AGNUS. I would like to have them. Shall I give them to the stenographer?

The CHAIRMAN. Yes.

General AGNUS. I would like to have them back, please.

Following is the contract with the International Paper Company just referred to:

Agreement made this — day of September, 1907, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and Charles C. Fulton & Co., of the city of Baltimore, Md., hereinafter called the purchaser, party of the second part.

Witnesseth that the parties hereto in consideration of the mutual promises and agreements of each other, and of the sum of \$1 and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, the entire supply of white print paper required to print all the editions of the publication hereinafter mentioned subject to the limitations hereinafter mentioned during the period from January 1, 1908, to January 1, 1909, estimated at 5,000 tons, at the price and upon the terms hereinafter particularly stated. The purchaser shall be required to take hereunder at least 4,500 tons, and the manufacturer shall not be required to furnish hereunder more than 5,500 tons.

The said paper is to be used exclusively in the publication of the various editions of the "Baltimore American," a newspaper published in the city of Baltimore, Md., and this contract shall not be assignable. The said paper shall be of substantially the same average quality as the sample attached to this agreement, and of approximately the following basis of weight, viz, 24 by 36 inches, 32 pounds for 500 sheets. Delivery to be made by the manufacturer to the purchaser on sidewalk at press room of the purchaser in the city of Baltimore, Md. Width of rolls to be, viz, 73 inches, 55 inches, and 36½ inches.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement \$2.50 per 100 pounds (without reference to production basis), actual gross weight of the rolls or bundles, including paper, wrapper, and twine. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash (New York exchange or its equivalent) on the 15th day of each month for all paper delivered during the preceding month, or at the option of the purchaser, by note at four months, dated the 15th day of the current month, and bearing interest at the rate of 5 per cent per annum.

Cores shall be charged 1 cent, if paper, 2 cents, if iron, per inch, and credited at the invoice price when the same are returned, and a bill of lading showing the number and size of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement. No allowance shall be made for waste, damage, or paper left on cores.

Third. In case the manufacturer shall be unable and fail at any time to make and supply, or the purchaser shall be unable and fail to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for such failure to supply such paper, nor shall the purchaser be liable to the manufacturer for such failure to take such paper during the period of disability.

Fourth. In case the purchaser shall fail to pay any amounts when due hereunder, or to pay at maturity any note or notes given in settlement, or shall fail to fulfill any

other provision of this contract the manufacturer may, at its option, cancel this agreement and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser for all paper furnished hereunder due forthwith, notwithstanding the terms of this agreement, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

This agreement shall commence on the 1st day of January, 1908, and shall terminate on the 1st day of January, 1909.

In witness whereof, the parties hereto have hereunto set their hands and seals, at the city of New York, the day and year first above written.

INTERNATIONAL PAPER COMPANY.

T. M. T. WALLER,

Second Vice-President.

CHAS. C. FULTON & Co.

FELIX AGNUS,

Trustee.

The sudden raise was something astonishing to us; that is, from \$1.90 to \$2.50, and we did the best we could, when we heard the price was to be raised, to secure other contracts or other terms from other companies.

The CHAIRMAN. Did you do that yourself, or through your business agent?

General AGNUS. My business manager; but from my instructions. But I can respond to that better perhaps than he could. I thought I would seek the Berlin Mills and also the Great Northern, with whom we had been customers for five years, and paid them promptly. We received a peculiar answer from Mr. Dillon, who was then the manager of the Great Northern, and when his reply came to me I was amazed at the tenor of it, and told my manager, "That means serious trouble."

The CHAIRMAN. Have you the reply?

General AGNUS. I have. If you will allow me I will read it. It is addressed to my business manager, Mr. J. W. Stoddard. [Reads:]

GREAT NORTHERN PAPER COMPANY.

Boston, Mass., August 2, 1907.

J. W. STODDARD, Esq.,

Care of Baltimore American, Baltimore, Md.

DEAR SIR: Answering your favor of the 23d instant, which has been forwarded me, asking whether or not we will have sufficient paper to sell, to supply the American in 1908, would say we have such tonnage and more.

Due consideration, however, of the circumstances attending our negotiations of two years ago leads us to decline to even consider a contract with the American.

Yours, very truly,

GREAT NORTHERN PAPER COMPANY.

WM. B. DILLON, *Vice-President.*

I was astonished at this letter and could hardly believe its style. There was no cause for the last paragraph; it was merely a shift to satisfy his own conscience, for we owed them nothing; we had been strictly business men dealing with business firms. But when I made the change I found the International paper more substantial and better than the Great Northern—hence I made the change—and cheaper also. This last paragraph (I suppose you will require me to give you this letter) I do not understand at all, for we paid these people promptly, whenever the requirements required us to pay, and we owed them nothing.

The CHAIRMAN. I do not think you need to take the trouble to explain that to us.

General AGNUS. Then I made up my mind there was something in the wind in the shape of combinations. I had been one of the vic-

times of a great fire at Baltimore—our paper, machinery, and all—and I was very much concerned about this increase, and determined not to pay \$2.50 if I could help it. I therefore instructed my business manager to address other mills, and he did so. The Berlin mill was a mill that had been soliciting us from time to time, and all of a sudden they stopped. Knowing the quality of the paper of the mills, and it being such as I would like to use, I wrote them asking them if I could ask quotations for a contract in 1908. Here is their reply, again to my manager. [Reads:]

BERLIN MILLS COMPANY,
New York, N. Y., July 24, 1907.

MR. J. W. STODDARD,
Business Manager, Baltimore American, Baltimore, Md.

DEAR SIR: Replying to your favor of the 23d, we regret very much that we are not in a position to quote price for your newspaper requirements from January 1, 1908. Our present customers are taking all the paper which we make, and it is a question whether we shall be able to continue to supply all of them.

Thanking you for the inquiry, we remain,
Yours, very truly,

BERLIN MILLS COMPANY,
M. S. FLINT, *Agent.*

Now, Mr. Flint, previous to that date, had been a constant visitor in my office, and had solicited business from us, and when I received this—

The CHAIRMAN. What is the date of that letter?

General AGNUS. July 24, 1907. And I noticed that all of the agents of the different companies were keeping away from the old fields. I felt satisfied that our friends of the paper manufacturers had combined.

Mr. STAFFORD. How soon prior to receiving this letter had Mr. Flint, the representative of the Berlin Mills, applied to you?

General AGNUS. I presume a couple or three months before that.

Mr. STAFFORD. Applied to you for the business of the next yearly contract?

General AGNUS. Yes, sir. We make contracts about six months ahead. We felt that we must be in safe fields and times. Paper, of course, varies a great deal, and we have always kept in touch with the market, and feeling that the period was a period of cheap paper, though we had to keep in with the procession by seeking—it was merely my own surmise, because I have no direct evidence—but we felt that these gentlemen had allotted themselves—

The CHAIRMAN. What we want, General, are facts.

General AGNUS. Well, those are the facts.

The CHAIRMAN. But surmises and matters of argument—

General AGNUS. I felt that I was barred out from going to any other mills.

The CHAIRMAN. How much paper are you taking now?

General AGNUS. The same amount.

The CHAIRMAN. Five thousand tons?

General AGNUS. Very naturally, when the price came up we had to cut down the size of the papers. If you notice, most all of the papers of the country have done so.

The CHAIRMAN. I have not noticed that, but I wish I could.

General AGNUS. They have done so, Mr. Mann. They have gone from 20 and 22 pages down to 14 and 16, which means a very healthy percentage.

The CHAIRMAN. We do not wish to inquire too far into the secrets of your business, but can you give us accurately how your paper runs,

say, for a year, by months? Does it run about the same from month to month?

General AGNUS. Very even. My paper was established in 1773, about one hundred and thirty-four years ago.

The CHAIRMAN. I mean naturally?

General AGNUS. It is now the same thing. We scarcely ever come out with extras; we let things take care of themselves, but we are even now.

The CHAIRMAN. Is there a difference in the quality of news-print paper furnished?

General AGNUS. Oh, yes, sir; there is a great deal of difference. Some surfaces are fuzzy and will not print well, while others do.

The CHAIRMAN. Is there any difference in the market value of it?

General AGNUS. Surely; there must be. There are papers for different uses.

The CHAIRMAN. I mean for the ordinary news-print paper.

General AGNUS. For example, take the New York Post; they publish on white paper.

The CHAIRMAN. But that is an extraordinary occasion.

General AGNUS. For instance, you have the Post in your own city, for which they charge 3 cents, and can afford to pay more. The New York Herald charges 3 cents, and they can afford to pay more; but we charge 1 cent, and try to educate the masses cheaply. I say we are very hard struck when we have the field at \$2.50.

The CHAIRMAN. Can you give us the prices for paper that you have paid since 1890?

General AGNUS. I can give you only the average.

The CHAIRMAN. Can you furnish it to us accurately?

General AGNUS. I will try to do so, Mr. Mann. I do not really think that I have kept those old contracts.

The CHAIRMAN. Your books would show, would they not?

General AGNUS. From two to two fifteen, I think.

The CHAIRMAN. There seems to be quite a controversy as to the figures upon that point.

General AGNUS. We had from two to two fifteen prior to that.

The CHAIRMAN. Will you make up and send to us a statement of the prices of paper, according to what you had paid, since 1890, as nearly as you can?

General AGNUS. I will do so, Mr. Mann, with pleasure.

The CHAIRMAN. Of course I suppose it would all be in carload lots?

General AGNUS. Always.

The CHAIRMAN. Always carload lots, and roll paper?

General AGNUS. Yes, sir.

The CHAIRMAN. And will you give us the contract periods?

General AGNUS. All right, sir; I will do so.

The CHAIRMAN. General, I do not know whether the committee at this time desires to ask you any other questions or whether you desire to say anything more, but we are summoned over to the House by what seems to me to be a useless demand, and we have to go in order to make a quorum. We will resume at 2 o'clock. I suppose that there may be some other newspaper publishers here, and we will go on with them at once, so that they will not be delayed. However, we would be very glad to have you go on, General, if you desire, or we will hear your business manager.

(At 11.37 a. m. the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

The committee reassembled, pursuant to recess, at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. Whenever you are ready, gentlemen, we are.

Mr. NORRIS. Does the committee want to hear further from General Agnus?

The CHAIRMAN. Do any of the members of the committee desire to ask General Agnus any further questions?

Mr. SIMS. No. I did not know whether he was through or not.

**ADDITIONAL STATEMENT OF GEN. FELIX AGNUS, OF
BALTIMORE, MD.**

General AGNUS. Mr. Chairman, I have never appeared before a committee of the House of Representatives previously, and I did not know but that you might like to have my opinion, in addition to the facts I gave you this morning. If so, I would like to frankly state them to you.

The CHAIRMAN. We would be very glad to have them, General, remembering only that we are trying to get through. Your opinion is of value, and we will be glad to hear it.

General AGNUS. If the place were full of witnesses I would not bother you, but as it is, it occurs to me that I can occupy your time and educate you on the newspaper publishing business. I am, perhaps, to-day one of the oldest publishers in the country. I started early after the war, when I entered the Baltimore American office, and toiled and worked, and I know the need of cheap materials to please the public. We do not amass; we live, and that is about all. You will find that the rich publishers of to-day are the men who came with millions from the mines and bought papers that had been established by industrious men, men that had toiled from the devil's bench, you may say, until they attained the position of publishers and that title of "educators," men who educate and benefit our community; and I might as well say I am one of those. And I at one time did pay as high as 18 cents a pound for paper, but that was at the close of the war, when the South could not get even a pound of it at any price; and I have followed it in its gradations from that price until it came down to the cheapest contract I ever had, at \$1.65 per 100. That is the lowest I ever struck.

The CHAIRMAN. When was that?

General AGNUS. Sir?

Mr. MANN. I say, when was that?

General AGNUS. As I told you, I am one of the old publishers, and I do not carry in mind exact dates, but I think it must have been in 1886 or 1887. I will try to get it.

Mr. NORRIS. 1897.

General AGNUS. I will try to get at it for the benefit of the committee, and I will send you a communication on that.

When paper came down to the level of 2 cents a pound, the entire country came down to an even level of a cent a copy for newspapers. It gave the country great advantage, Mr. Chairman, and I feel that the upbuilding of this country was due to that cheapness.

I realize the trouble that the paper manufacturers had with the labor people; but we must also realize that science came in and

helped them wonderfully in the shape of machinery, and science taught them really to bleach and improve their tubs and enabled them to give us their product really cheaper at 2 cents than during the war at 18 cents. I feel, Mr. Chairman, that the sudden rise from \$1.90 to \$2.50 was actually the real thing that we are fighting and urging you to "down" if you can. That was the result of that combination that raised us from \$1.90 to \$2.50, making an increase of at least \$12 a ton. Why, the men of this country know what that means. It is more than a gold mine. The diamond mines of Kimberley do not compare with it, and it is outrageous that we should have been caught by the throat and forced to pay that great increase, which really almost prevents us from publishing at a profit at all.

I am a publisher that employs 674 men to give the news in my community. That, sir, tells you that I also employ labor, and I have my turmoils, my hard work, to answer really for my own personality as a toiler, and I beg of you that when you come to judge and decide on the justice or injustice of this complaint of ours you will at least in your heart feel that we have a claim against the great industry of the paper manufacturers, who catch us by the throat and say, "You must pay this or go out of business."

I tell you that my sheet is a historical one. It has fought the Revolutionary war. It has fought the war of 1812 and the Mexican war, and in the civil war, sir, it has recorded every echo, both North and South. I myself commanded a brigade, and I used often to send the news to that great paper, the Baltimore American. As it is to-day, we are merely one of the toilers in the midst of this great country; and I beg of you that when you decide you will see that the jump from \$1.90 to \$2.50 is an unnecessary injustice and a bad move in these people's business. I think it is really a sin to force us to pay \$12 a ton more, which means to me individually \$60,000 to \$70,000 a year. Whatever we make, we give it back to the people. We do not amass it. We are honorable. We are plain. We paddle our own canoe, and we pay our little debts. That is all that we can claim. This is the best that we can do. When we come to a man like Mr. Weller, a man I have had my business with for the International Company—I appealed to him—I find that he has his ironclad orders. He has a smiling face and is a manly looking fellow, and he never tells us, "You must pay or we stop you;" but the combination was made, as I showed by the letters to-day, and it was impossible for me to go anywhere. No door was open to me. It was either to pay or to get out of business. I have paid, Mr. Chairman. Like a man, I meet my debts. There is not a farthing that I owe them beyond my obligations, but nevertheless the injustice exists, and for goodness sake, when it comes to you, correct it, if you please.

MR. SIMS. I wish to ask you a question, General. Do you think the passage of the Stevens bill and the removal of the duty on pulp wood and paper will bring you the relief you now ask for?

General AGNUS. Mr. Weller, the vice-president of the International, told me in this room that it would, and if it can be done, I certainly would urge you gentlemen to do it.

The CHAIRMAN. When did he tell you that?

General AGNUS. About two hours ago.

The CHAIRMAN. What did he say?

General AGNUS. I said to him a while ago, "If it does not interfere with my being here and I can testify honestly and fearlessly, as I always have done, I would like to make a new contract with you at a reduced rate." He said: "No, sir; wait until this is decided." Those are about the words: "I think if the tariff was removed I could give you relief," or words to that effect. Is that it, Mr. Weller?

The CHAIRMAN. There might be some conflict. He had better testify himself.

General AGNUS. There is no conflict about that. I can testify it before him.

The CHAIRMAN. He can not testify now.

General AGNUS. I am a Republican in politics. I believe in the protection of our great industries. I was a soldier that fought to make this country greater, and, thank God, it is to-day the leader of the world. I ask of you, however, not to neglect the men who have tried to make it so through the press.

The CHAIRMAN. Do you think, General, that this committee, considering the proposition as to the removal of the tariff on wood pulp and print paper, could properly take into consideration the effect of that upon the industry itself, and the labor, if it could be shown that that would be affected?

General AGNUS. I think it would, Mr. Chairman.

The CHAIRMAN. Do you think if it should be shown—I do not know that it will be—that the increase in the price of print paper is caused by other reasons than a combination in restraint of trade, that then the committee should recommend the removal of the tariff on print paper?

General AGNUS. I think you should, unless we are treated in the way the Brazilian Government treated the Government on the coffee question. I think if that tariff was removed and the Canadian government was to put on a tax, then we would be exactly where we are now. But I have now been solicited by Canadian firms to give me a new contract from Canada, and whether I will succeed or not I do not know, but I am now corresponding with them.

Mr. STAFFORD. Is that correspondence at your instance, or at the instance of the Canadian manufacturers?

General AGNUS. At theirs.

Mr. STAFFORD. How many Canadian manufacturers are seeking your trade at this time?

General AGNUS. But one.

Mr. STAFFORD. Is it a large producer?

General AGNUS. It may be—they are acting in a sly way; whether they are acting as detectives of the other concern I do not know. I merely asked them to give me a price, and they declined.

Mr. STAFFORD. How recently did you ask them to give you a price?

General AGNUS. Last week. No correspondence, but merely a visitor.

The CHAIRMAN. You mean a sales agent?

General AGNUS. Yes; last week.

The CHAIRMAN. What did he call for?

General AGNUS. I asked him to give me a figure and he declined. I am awfully glad that Mr. Weller is here, because personally I have always liked him very much.

Mr. STAFFORD. Have these Canadian manufacturers ever heretofore sought your business?

General AGNUS. Never.

Mr. STAFFORD. In the correspondence you submitted this morning were they the only concerns that you attempted to get contracts with?

General AGNUS. We had other "feelers," but they were from comparatively small firms. We require a good deal of paper, and when a firm comes to us and offers their services we inquire of the makers as to them. These were comparatively small mills. They would have to supply us from one or two mills.

Mr. RYAN. Do you believe that the tariff should be removed in other lines of industry where similar conditions have been shown or attempted to be shown as in the newspaper business of the country?

General AGNUS. I have not studied that subject. I merely apply myself to my own individuality and my business.

Mr. SIMS. But without reference to those subjects, you are positive about the one subject you have investigated and testified about?

General AGNUS. If this thing was removed and the Canadian government did not take advantage of it, we would be benefited. Otherwise we will not, just as the coffee trade was fooled in that Brazilian question. You remember the Government relieved the coffee importers, and immediately the Brazilian Government put on a tax.

Mr. SIMS. An export duty?

General AGNUS. Exactly; and there we are. . If we can guard against that, we will be all right.

Mr. STAFFORD. One province of Canada, I may say, has already accomplished that, so far as wood pulp is concerned, granting to the Canadian manufacturers of wood pulp a lesser charge when it is consumed locally, and charging them a higher rate when it is exported. But the Stevens bill, as I understand it, safeguards the remission of the duty by prescribing that the duty shall only apply if the other country does not exact an export duty.

General AGNUS. Of course, Mr. Chairman, you seek educational information on this thing. I am a foreigner, so that sometimes I get my expressions mixed, so that you will have to make a little allowance for me.

The CHAIRMAN. If we could all talk as good English as you do, we would do well.

General AGNUS. Thank you. When I made my contract with the Great Northern Paper Company they were so anxious to get me that they wined me and dined me, and did everything on earth for me. Of course I am a very moderate man, so that I did not allow any abuse. But, Mr. Chairman, they told me they could give me all the paper I wanted at that price and there would not be any change. They told me, for example, almost, that they owned the earth, and had a fence around it [laughter]; that when they commenced to cut wood at this end it would take them twenty years to get to the other end, and by that time this twenty years' growth would be up again, and they could keep going around like a wheel. [Laughter.] They really had the world in a sling, and there was nothing on earth that could defeat them in any shape, way, or manner. [Laughter.]

The CHAIRMAN. Did you believe all this?

General AGNUS. I merely listened to them. They were a responsible firm, and I signed a contract with them for five years, and for five years they supplied me with very unsatisfactory material, but nevertheless I think they will tell you that themselves. They had a tract of land from the Northwest somewhere, away into Canada, that could not be beaten. They had the water power and the facilities, by Jove, to raise the wind, you might say, but they kept at it and at it until the first thing I knew my material was so bad that I appealed to the International Paper Company to help me out, and they did. I must acknowledge that. When I was burned out I do not know what I would have done if it had not been for the International. But there are other matters that I may state, and by this correspondence I have shown you that these gentlemen have combined, and they have got us by the throat, and the press of the country by the throat. The publisher is a modest and timid man, and always is known as such, and yet when he gives you the world's news for a cent he is a wonder, and he is a toiler in your midst. I appeal to you to realize that we must have relief. Mr. Chairman, I thank you for your attention.

Mr. SIMS. I want to ask you another question right there, if you do not think the raising of the price of the newspaper from 1 cent to 2 would be the greatest calamity upon the public?

General AGNUS. Yes. You have no idea how often the poor toiler, who must pay 2 cents, is forced to go to his next-door neighbor and borrow the paper, so that he might read it, and very often he does not get it. We educate the people. We give things almost for nothing. While I do not ask the manufacturers of paper to do the same, nevertheless I object to paying \$12 increase on a ton of paper. My heavens, if I had been a speculator—or a prospector, I should say—I would have loved to have gone into that paper-making business.

The CHAIRMAN. Is there anything else, General?

General AGNUS. No, sir; thank you, sir. I am much obliged.

The CHAIRMAN. We thank you very much.

Is there any other publisher to be heard? Is there any other publisher here who wishes to testify? I understood from Mr. McCormick that there would be a number here to testify to-day. Mr. McCormick informed me that he had requested thirty of the publishers to come here to-day, and General Agnus is the only one who has appeared. If there are none, we will proceed with Mr. Norris. He is our stand-by.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. If the committee will permit, I will submit this afternoon the material which has largely influenced us in making the statement with respect to combinations, first of the news-print mills, then of the book, writing, and other paper divisions. I first submit an extract from a letter of David S. Cowles, president of the American Paper and Pulp Association, in which he says [reads]:

But if, as is likely, having shut us off from getting their wood—

Referring to threatened Canadian interference with pulp-wood exportations to the United States, he says [reads]:

But if, as is likely, having shut us off from getting their wood, their production of paper failed to increase at a sufficient rate to offset the decrease in production in the

United States and to meet our increased demand, a paper famine in the United States would inevitably result.

Possibly it is unfair to put that in unless the whole letter is put in. Later I will put in the whole letter.

The CHAIRMAN. You have already got in all that you have read.

Mr. NORRIS. I think possibly the letter is susceptible of another explanation, which did not occur to me when I first read it.

The extract referred to follows:

[Extract from letter of David S. Cowles, president American Paper and Pulp Association.

In the matter of threatened Canadian interference with pulp wood exportations to the United States:

"But if, as is likely, having shut us off from getting their wood, their production of paper failed to increase at a sufficient rate to offset the decrease in production in the United States and to meet our increased demand, a paper famine in the United States would inevitably result."

Mr. MILLER. You will put the entire letter in?

Mr. NORRIS. I will put the entire letter in.

Now, I submit first a dispatch from Chicago to the New York Evening Post of March 12, wherein it appears that there was a meeting of eastern and western members of the American Paper and Pulp Association held in Chicago on March 11.

Mr. STAFFORD. What year?

Mr. NORRIS. March 11, 1907. [Submits following:]

PAPER WILL INCREASE IN PRICE—MANUFACTURERS RECOMMEND MEASURES TO PROTECT LUMBER-PRODUCING TRACTS.

CHICAGO, March 12.

The generally congested conditions of the railroads throughout the country and the resultant shortage of cars will cause an advance of prices on manufactured products of the American Paper and Pulp Association for 1907 and 1908. This was the decision of a meeting of the eastern and western members of the association held here yesterday.

The manufacturers believe that as business is now active and prices of manufactured articles are firm the price is likely to be advanced because of both the scarcity of raw material and the existing car shortage. The greatly increased cost of production in the last year was also given as a reason for advances.

The preservation of forests was discussed at length, and a resolution was adopted and ordered sent to the Department of Agriculture asking that measures for protection of the lumber-producing regions be rigidly enforced.

The CHAIRMAN. What was this dispatch in?

Mr. NORRIS. The New York Evening Post of March 12, 1907.

Two days subsequently, in the Paper Trade Journal of March 14, appeared an article purporting to give the details of a combination of paper makers East and West, headed by the big news companies, said to be included in a cooperative plan and providing for two holding companies, the International Paper Company, to work in harmony. I will submit that:

A NEWS COMBINE?—ALL THE BIG NEWS COMPANIES SAID TO BE INCLUDED IN A COOPERATIVE PLAN—ACCORDING TO REPORTS, TWO HOLDING COMPANIES ARE SCHEDULED—THE I. P. TO WORK IN HARMONY—HOLDING COMPANIES FOR BOTH THE EASTERN AND WESTERN MILLS—TO DIVIDE TERRITORY.

What appeared to be a well-founded rumor was in circulation this week in certain news circles in New York to the effect that an attempt is being made to centralize the greater part of the product into fewer hands by the formation of several large holding companies, which will have direct supervision over the distribution of practically the entire output of news paper in this country.

A number of conferences, it is said, have been held in New York recently by those interested in the new project, and that if present plans do not miscarry this new scheme of centralizing the industry will assume a tangible form in the near future.

The plan, as outlined by those who claim to be in close touch with this movement, makes provision for two large holding companies, one in the East and one in the West. The western company will include the majority of the news mills in that section, taking in those formerly identified with the old General Paper Company. The eastern company will take in most of the large mills in the East outside of the mills of the International Paper Company. The International Paper Company, it is stated, will be one of the three main bodies.

It is not the intention of the promoters to deprive any of the mills of their individual management, but simply to regulate the distributing of the production of the various mills. This, it is claimed, will be a decided advantage to publishers, as it will invariably guarantee them a uniform and adequate supply under any and all conditions. If for any reason a mill should be forced to reduce its output it will have the privilege of securing a sufficient quantity to fill the deficiency from some of the other mills of the holding company without any additional expense. Everything is to be conducted on a cooperative plan or community of interest basis.

It is a well-known fact that the greater part of the available timber limits have been acquired by certain of the larger mills and also the most desirable water powers, and in order to protect their future raw material requirements it is quite evident that the eastern mills will have to consider seriously this centralization project.

The western mills, it is said, have been organizing for a number of months under the holding company plan. The appointing of a general traffic manager recently for the various mills seems to indicate that the plan is developing very rapidly in the West.

Each mill's representation in the holding company will be in proportion to its size, it is stated. All the mills will retain their present customers, and every effort possible will be exerted to equalize all contract business. In this way, it is said, price cutting can be practically eliminated and more uniform market quotations established. If the present plans of the promoters of this scheme should materialize the contract price of news in 1908 will be 2½ cents in rolls and 2½ cents in sheets. A few of the large newspaper publishers have no doubt anticipated the changes which are gradually assuming definite form among the manufacturers of this paper, and in order to assure themselves of an adequate supply and protection against higher prices they have been considering plans for entering the manufacturing field. It is said that the Chicago Tribune has now formed interests with Victor Lawson, of the Chicago Record-Herald, in the Publishers Paper Company at Portsmouth, N. H.

The majority of the news manufacturers deny any knowledge of the holding company scheme, and as all negotiations and conferences are being held very quietly, it is doubtful whether the trade will ever know the inside workings of the plan.

Also a publication of the same issue of the Paper Trade Journal, in which substantially a challenge is thrown down on behalf of somebody to the newspaper publishers with respect to the payment of higher prices. I will read that publication. [Reads:]

THE COOPERATIVE PLAN IN THE NEWS LINE.

According to the report printed on page 5 of this issue the news paper manufacturers of the country are again going to test the benefits of cooperation in their line. This is not a new experience for them, as practically all of them enjoyed the fruits of a noncompetitive era from August, 1902, to 1904. Now it seems that they are again going to work together for the common good, which, with their increased knowledge of how to escape legal pitfalls, will no doubt make the second attempt more successful than the first.

Those who do not like to see a one-sided contest will rejoice in the prospective combination of the print manufacturers, as in the first round of the conflict of interests the publishers won by putting the General Paper Company out of business. Perhaps round two may be decided in favor of the manufacturers. If the latter complete the plans now being discussed for cooperation in their line, the publishers will of course take up their old cry of the "tax on knowledge," and will implore Congress to save them from destruction.

While it is not definitely known just what the news men will do, there are many things that point to the ultimate carrying out of the plan referred to. One of the signs of a better understanding among the paper manufacturers is the fact that the western mill owners have elected one general traffic manager for all the mills.

Should the plan referred to be put in operation at least 97 per cent of the news production of the country will be included in the arrangement. With practically all the sources of supply under one head the newspaper publishers must pay the price asked for at least two years, as it would take that long to start new mills.

The CHAIRMAN. What is your claim about that?

Mr. NORRIS. Our claim is that this is the notice, the sketching of the plans which were ultimately developed, and carrying out the threats which had been made by manufacturers of paper, mills comprising the General Paper Company, when they were dissolved by the courts, that they would make another combination stronger and better than the other, which would give us the benefit of higher prices.

On April 17, five weeks after that publication, appears in The Paper Mill, another paper trade journal, a statement showing, "There is a famine in 'news' prevailing in the New York market, and the consideration by many users is not the price alone, but how to get the paper."

Mr. RYAN. "Famine in 'news'" refers to news-print paper?

Mr. NORRIS. News-print paper.

The CHAIRMAN. There is often a famine of real news in the newspapers.

Mr. NORRIS. You are disposed, Mr. Chairman, to be cynical, I am afraid.

The CHAIRMAN. No; I am disposed to look at facts in their face.

Mr. NORRIS. Included in this article is a quotation from a statement by a paper manufacturer. Another paper manufacturer has this to say with reference to the situation. [Reads]:

The very unusual condition in reference to news indicates that the day of 2-cent white paper is passed.

The entire article follows:

THE NEWS MARKET.

[The Paper Mill, April 17, 1907]

There is a famine in "news" prevailing in the New York market, and the consideration by many users is not the price alone, but how to get the paper. A visit to the offices of the largest factors in the business shows a peculiar condition.

"The scarcity of news, both roll and flat," says one representative of a large paper company, "is due, we think, to several causes. The first and foremost is the unprecedented demand coming from the West. Western mills a short time ago turned out 600 to 700 tons of news a day. At the present time the entire production amounts to about one-half that quantity. The western paper manufacturers are suffering for lack of raw material. This timber has been cut clean and no precautions were taken to preserve this forest, and the time is fast approaching when practically all this wood must come from other parts of the country. This condition has thrown a lot of new business to the eastern paper maker at very tempting prices. Another cause is the very unfavorable weather prevailing for the past seven or eight months, preventing the eastern paper mills from turning out their full quota; and third, there is the continual advance in all grades of book paper, which has forced some consumers into using news wherever possible."

Continuing, this representative said: "Paper has always been sold too cheap; especially is this true of news. There never has been a manufacturer of news paper up to the present day who made what could be called a fortune. Book paper manufacturers have grown rich. Coated and manila men have retired with millions, but the manufacturers of news never had a show to make much more than a bare living, and the time has been reached when he must wake up and stop swapping dollars with the wealthy publishers and jobber and share in some of the prosperity all other lines of trade are enjoying. The day is past when white paper can be bought for less than 2½ cents, and it ought to have ended long ago."

Another paper manufacturer has this to say in reference to the situation:

"The very unusual condition in reference to news indicates that the day of 2-cent white paper is past. We are importing news from Canada, paying \$6 duty per ton, in order that we may fill contracts, and we are doing this at a tremendous loss, but we see no other way out of the difficulty. Labor, material, reduced output, big demand from the western section of the country, and the increased demand from the East are the sole causes of the trouble in our mind. The day for 2-cent white paper is a thing of the past. We are told that news is selling both in New York and Chicago for 3 cents f. o. b. mill, and consumers can not get it even at that price."

Other representatives expressed about the same opinions, all agreeing in the statement that "the day for 2-cent white paper is a thing of the past."

Mr. NORRIS. I also call attention to a publication in The Paper Mill of August 10, 1907, giving the details of the annual repair season among the paper mills of Wisconsin. Our intimation of what we expect may be shown will be that the annual repair season is often taken as a pretext for shutting down mills in order to allow the market to absorb some of the accumulated stock of paper on hand. [Submits the following:]

THE ANNUAL REPAIR SEASON.

[Correspondence of The Paper Mill.]

APPLETON, Wis., August 5, 1907.

The annual repair season is on among the paper mills of Wisconsin, several having closed down for a few days last week and a few the week before. The plant that will be down the longest time, however, is the Park Mill of the Marinette and Menominee Paper Company, this mill having been closed last Thursday for an indefinite period in order that many and much-needed repairs might be made before the rush in paper business resumes.

Shortly after the Marinette Company's No. 2 Mill, at Marinette, was completed it was decided to make repairs on the Park Mill and bring this plant up to the high standard of the other mills of the company. Steel trusses will supersede all of the framework now in the plant, concrete and cement will be used wherever possible, and when the carpenter and mason complete their work the Park Mill will be as near fireproof as any rebuilt and repaired mill can be. Some additions and repairs to machinery will also be made, and the production of the plant will be somewhat increased. It is expected that when the present repair work is completed the Park Mill will be in condition to run some years without another shut down for this purpose.

The plant of the Consolidated Paper Company, at Grand Rapids, was closed down last Friday morning and repair work undertaken at once. It is expected that four or five days will be sufficient to complete all the work to be accomplished. The Consolidated has been having trouble with refuse getting into the water wheels. Friday the water was all drained from the canal and work is now in progress constructing a protection to keep the waste material out of the wheels. Repair work inside the mill is also in progress, and it is understood that an attachment will be added that will increase the speed of the machines and result in a greater production of paper.

Among the other mills of the State that have been closed down recently for repairs are the Vulcan and Tioga and the two mills of the Fox River Paper Company, of Appleton.

WISCONSIN.

The CHAIRMAN. Are these excerpts that you are giving us in your opinion evidences of threats that were being made, or statements from their side of their position at the time?

Mr. NORRIS. That of March 14, 1907, was a distinct challenge.

The CHAIRMAN. What do you mean by a challenge or threat?

Mr. NORRIS. An announcement that paper was going to 3 cents, and that it would take two years before the newspapers could get mills in shape to break a combination of that character.

The CHAIRMAN. It is your position that this item was not inserted in the Paper Trade Journal as a matter of news, but as a matter of threatening information?

Mr. NORRIS. It was not a news article. It was on their editorial page. It accompanied a news article giving what I regard as an

indefinite, vague, and not altogether accurate account of the situation, but merely having a vestige of it.

The CHAIRMAN. It was not on the line sometimes followed by a newspaper, which has its own reporter publish a statement which is not true, and then writes an editorial on the news article?

Mr. NORRIS. I am afraid your opinion has been soured in your experience with newspapers.

The CHAIRMAN. No. My experience has been very pleasant with newspapers, but I have ordinary comprehension of ordinary affairs, and I can see a thing when it is before my eyes.

Mr. NORRIS. I am afraid, from the way you talked this morning, that you should perhaps wear blinders, or something of that kind, because you were complaining of seeing too much. [Laughter.]

The CHAIRMAN. No; I think not.

Mr. NORRIS. I submitted yesterday a copy of the Trade Journal of September 12, purporting to give an account of a meeting of eastern manufacturers at New York, whereat they raised prices from 15 cents a hundred to \$3 a ton, and giving therein a list of the mills represented at that meeting. [Submits following:]

NEWS ADVANCED—THE EASTERN MANUFACTURERS RAISE PRICES FIFTEEN CENTS A HUNDRED—REPRESENTATIVES OF THE LARGE NEWS MILLS IN NEW YORK AND THE NEW ENGLAND STATES MET IN NEW YORK CITY LAST WEEK TO CONSIDER THE TRADE SITUATION—THE ADVANCE FOLLOWED.

An advance of 15 cents a hundred on news paper was announced last week as a result of a meeting in New York at which a large number of the eastern news mills were represented. Most of the northern New York manufacturers making this grade of paper are said to have been in attendance at the meeting.

The new prices agreed upon by the manufacturers at last week's meeting are as follows: On carload orders the price is to be \$2.65 per hundredweight in rolls, and \$2.80 in sheets. On regular contracts of not less than 2,000 tons the new price is \$2.50 in rolls, and \$2.65 in sheets. Prevailing conditions in the raw material market are given as the main reason for this latest increase in the price of print paper.

According to recent reports, especially from northern New York, the mills are only recovering from another period of extremely low water, which has curtailed the output of paper considerably and created a shortage of ground wood. During the last two or three weeks a number of the mills in that section have only been running on part time, while some of the pulp mills have been closed down completely.

All the principal streams in the upper part of New York State were lower than they have been before in many years. This was particularly the case with the upper portion of the Hudson River and the rivers in the vicinity of Watertown, N. Y.

With a scarcity of pulp and with practically no surplus stocks at any point, the drought further aggravated the situation by adding to the shortage and causing an additional stringency in the ground-wood market. The added difficulty in securing supplies and the continued advance on raw material, it is stated, simply forced the manufacturers to act in order to protect themselves against a situation which was entirely beyond their control.

Among the mills said to have been represented at the meeting are the Cliff Paper Company, Niagara Falls, N. Y.; Berlin Mills, Company, Berlin, N. H.; Gould Paper Company, Lyons Falls, N. Y.; St. Regis Paper Company, Watertown, N. Y.; Taggart's Paper Company, Watertown, N. Y.; St. Croix Paper Company, Woodland, Me.; Remington-Martin Company, Watertown, N. Y., and the Malone Paper Company, Malone, N. Y.

I also refer to a publication in the Paper Trade Journal of December 26, 1907, wherein, on page 6, in describing the purchase of big leaseholds in New Brunswick by the International Paper Company, it gives the following statement [reads]:

"We have been compelled to advance the price of paper for 1908 delivery," said Mr. Burbank. News paper is now quoted to the largest consumers at from 2½ to 2½ cents a pound. A year ago it sold at 2 cents a pound.

I will put all of that article in.
(Following is the article referred to:)

THE I. P. BUYS BIG LIMITS IN NEW BRUNSWICK.

A. N. Burbank, president of the International Paper Company, has announced that his company has practically completed the purchase of a tract of 550 square miles of spruce lands in New Brunswick, Canada, containing 350,000 acres. Mr. Burbank has taken up the problem of getting the company's mills an adequate supply of pulp wood, a problem which he says is a serious one.

"We have been compelled to advance the price of paper for 1908 delivery," said Mr. Burbank. "News paper is now quoted to the largest consumers at from 2½ to 2¾ cents a pound. A year ago it sold at 2 cents a pound.

"The advance in spruce has been beyond the control of the International or any other paper company. It is very scarce, as can be judged by the fact that the price has almost trebled in the last ten years. Spruce is quoted at \$10 a cord, plus the freight. It has sold as high as \$14 in the last few weeks, and in Canada we are paying \$10 a cord without freight. This phenomenal advance, with the advance in wages, has forced all companies to mark up the price of paper.

"These high prices have failed to bring the pulp wood out in the quantities wanted. The International Paper Company was brought to the pass last month where one of its important mills had to close down simply because of lack of raw material.

"It is true that the International Paper Company has sold its entire output for 1908, but in all cases the advanced prices have not been obtained on account of old contracts. Several of these contracts are unprofitable under the conditions."

The CHAIRMAN. Who owns the Paper Trade Journal?

Mr. NORRIS. The Lockwood—

The CHAIRMAN. The Lockwood Trade Journal Company, perhaps?

Mr. NORRIS. Yes. The gentleman who substantially owns the property is Charles H. Jones, formerly of St. Louis.

The CHAIRMAN. What I wanted to get at is whether it is owned or controlled in any way by the paper manufacturers.

Mr. NORRIS. I think not. I think it is owned by Mr. Charles H. Jones, and has been for ten years. I may be wrong, but that is my information. Upon the other side of that same issue is a report of year-end meetings of mill owners representing different branches of the industry.

The CHAIRMAN. I can detect evidences, Mr. Norris, that you are not in the editorial section of the newspaper business, else you would not read an article on both sides to go to the reporter's desk.

Mr. NORRIS. Your detection, Mr. Chairman, is entirely wrong. My connection with the newspaper business was entirely on the editorial side until I went to New York.

The CHAIRMAN. You are entitled to the benefit of the doubt. I think an editor, handing to the reporter an article printed on both sides, betrays a lack of acquaintance with the business.

Mr. NORRIS. I have no objection to the fact that this publication insists on printing meaty matter on both sides of the sheet. [Laughter]

The CHAIRMAN. Is that the way all newspapers do, to get matter written on both sides?

Mr. NORRIS. It is so easy for this committee to have it transcribed from one side to the other—

The CHAIRMAN. On the other hand, it is exhausting all our resources to get this stuff out. Now, go ahead.

Mr. NORRIS. There is also on the same page a statement from Chicago, a telegram from Chicago, dated December 23, 1907, entitled "Western M. & F. Mills to stay 'Down.'" That is, representatives of the western manila and fiber mills, which had been closed because

of paper-trade conditions, had met and decided to restrict and curtail production, and this meeting provided for another month of curtailment; and also a statement that "no changes were made in prices one way or another." That article on the "Year-end meetings" also give the by-laws of the Sulphite Association, which I submitted yesterday. [Submits following:]

WESTERN M. & P. MILLS TO STAY "DOWN."

[From our regular correspondent.]

CHICAGO, December 23, 1907.

Western fiber and manila paper manufacturers held a meeting this week on Tuesday and Wednesday at the Grand Pacific Hotel. All the mills in Wisconsin and Michigan making these classes of paper were represented at the meeting.

The purpose of the meeting was to determine whether or not to keep the mills closed for thirty days longer or to open them. After a full discussion it was decided to keep the mills shut down another month to keep production at a normal level.

No changes were made in prices one way or another.

M.

YEAR-END MEETINGS—MILL OWNERS REPRESENTING DIFFERENT BRANCHES OF THE INDUSTRY CONFER—WHILE THE PRINCIPAL MEETINGS WERE THOSE OF THE SULPHITE AND THE WRITING-PAPER MEN, STILL THERE WAS A LARGE REPRESENTATION FROM OTHER DIVISIONS—TO SHUT DOWN OVER HOLIDAYS.

Important trade conferences were held in New York last week by the sulphite and writing-paper manufacturers, and in addition there was a miscellaneous gathering of manufacturers representing different branches of the industry.

The sulphite manufacturers met at the Waldorf-Astoria Hotel on Wednesday, and the writing-paper manufacturers at the Hotel Astor on Thursday. Both meetings were largely attended by the leading manufacturers of sulphite and writing paper in this country, the western mills being strongly represented at the meeting of writing-paper men.

The large representation at both meetings shows that the manufacturers now realize the great benefit to be derived by coming together at intervals to discuss general trade conditions. At the present time the beneficial results obtained from such discussions is at once apparent to every manufacturer, because of the many serious problems which the whole industry has now to contend with.

Among the most important problems which the manufacturers are called upon to solve is the wood question. The continued scarcity of this material, with the rapidly increasing prices, has made this question one of serious import to the paper manufacturer. Then again all other raw materials have been advancing in price.

The recent financial scare has had a more or less serious effect on the paper industry, inasmuch as it has curtailed the consumption of paper due to the retrenchment policies of consumers. It has also brought about the present slow collections, and principally the cutting down of credit facilities by the banks to the minimum.

As a result of the meetings a general closing down of the mills will probably take place, extending over the holidays. A large number of mills shut down on Saturday last, and will remain so until the Monday following New Year's. Others during that time will only run on part time.

The writing-paper manufacturers at their meeting decided to maintain prices. It was the unanimous opinion of those present that it would be better to shut down rather than cut prices and sell their paper at a loss. Business being dull, it was generally agreed that a reduction in price would not increase it any at this time.

At the meeting of sulphite manufacturers business was reported as being very quiet. It was deemed a waste of time to consider the question of reducing prices. The conclusion reached was that it would be advisable to suspend operations if necessary. The sulphite manufacturers have formed a new association, as was reported in a recent issue of The Paper Trade Journal. Extracts from the by-laws giving the purposes and object of the new association follow:

"To establish a bureau of information and statistics, to the end that a full and accurate knowledge of prices, production, and other conditions of the industry may enable each member to more nearly adjust his production to the demand, and prevent violent fluctuations in prices, to the injury of both manufacturer and consumer.

"To discuss and investigate the present supply of raw material, the possibility of new material and processes, and cost of manufacture.

"To collect and disseminate statistics and information between the manufacturers of sulphite fiber and promote the industry in every lawful manner.

"The regular meetings of the association shall be held on the third Wednesday of every month.

"Special meetings may be held when called by the secretary. It shall be the duty of the secretary to call a special meeting whenever requested, in writing, by two members of the association.

"Each member of the association shall be entitled to representation at any meeting by one of its directors and shall be entitled to one vote.

"A majority of the members of the association shall constitute a quorum.

"The secretary shall appoint an auditor to examine the books, vouchers and other papers of every member of the association monthly, for the purpose of verifying such reports, and each member of the association agrees to afford all reasonable facility for such examination.

"In order that the members may have the most reliable information as to the market for sulphite and the relation of the demand to the supply, each member shall send monthly reports in such form and within such seasons as may be authorized by vote of the members, showing the tonnage and prices and agreed rate of shipments of manufactured product sold; also tonnage and prices of manufactured product shipped, names of buyers and terms of contracts, and such other information as may be required by the members.

"Such monthly reports from each member shall be kept in strictest confidence by the secretary, and shall not be shown to any person whatever, but shall, by the secretary, be averaged and tabulated into a monthly report of all the association, as a whole, copies of which shall be furnished to each member so reporting."

The CHAIRMAN. I was wondering last night whether we made much sulphite pulp.

Mr. NORRIS. I do not know. I have the figures here, and I will be prepared to answer that accurately by to-morrow morning, when the question is taken up as to the importation of news-print paper and the extent of that and the value of it.

I have also a copy of the Paper Trade Journal of January 2, 1908, which is interesting, in so far as it fixes some dates which might be helpful to Mr. Stafford, who is watching for dates, in that it says that "The big boom in the sale of paper, which was the important feature in 1907, really began in about October, 1906, so with its collapse in the same month of 1907 its duration was just a year's time." I submit that.

(Following is the extract referred to:)

A REVIEW OF THE YEAR.

The year 1907 will cut a big figure in the trade history of the future. In it will be found the record of many important events, together with the story of one of the most sudden changes that has ever befallen the industry, the dullness of the last quarter being in marked contrast to the great business activity of the first nine months of the year.

The financial scare hurt the paper business.—Following the exposure, in October, of the doings of a clique of New York financiers the business interests of the country suffered from all the effects of a temporary panic, so great was the shock to confidence brought about by the effects of the disclosures. In common with all other industries the paper trade suffered through the general stagnation which followed the curtailment of credit. The volume of new business for the last quarter was therefore very small, simply because there was a decided disinclination on all sides to assume further responsibility.

The big boom in the sale of paper, which was the important feature of the trade in 1907, really began in about October, 1906, so with its collapse in the same month of 1907 its duration was just a year's time.

The year opened with trade prospects bright.—The year 1907 opened with trade prospects bright, the mills being full of orders. The high cost of raw materials, however, offset in large measure the big volume of business that was being handled. As the

market was very strong the manufacturers decided to remedy the matter of poor return by continuing the upward price movement which had been started in good earnest in the fall of 1906. "Meetings and advances" thereafter became a stereotyped headline in *The Paper Trade Journal*. The meeting of the writing-paper manufacturers, held at Springfield, Mass., January—happened to be the first one of the year—and also one of the most noteworthy—as it was considered strong evidence of the existence of unusual trade conditions, the writing men being proverbially disinclined to "flock together."

Practically all grades "boomed" through the year.—To attempt to review the year's markets in the various grades of paper would be superfluous, as the story of one is the story of all—except manila tissues. With that single exception all kinds of paper enjoyed an unprecedented demand for the first three months of the year, and a correspondingly acute slump in the next quarter. Perhaps it would be a little nearer the truth to say that news paper did not suffer materially in the curtailed demand due to the financial "scare" in October. The annual increase in the consumption of news paper was not offset by increased production. Besides, the "scare" really created a larger demand for the dailies. In regard to the sluggishness of manila tissues during 1907 it can be said that this was due to overproduction, a considerable increase in the tonnage having taken place as a result of the boom in tissues a year and a half to two years previous.

Trade associations not needed to hold up prices.—For the first six months of the year there was really no need of the various trade organizations except to compare notes on the situation; the market was so strong that as a rule premiums were paid for quick delivery. The strength of the associations was, however, demonstrated in the last quarter of the year when, under old conditions, a wild struggle would have ensued for the few orders that were obtainable. Up to January 1, 1908, there has been no general price cutting, the reports of such underselling being very limited indeed. For this steadfastness some credit must be given to the determination of the mill owners to operate their plants at a profit or not at all. The present general shut-down proves this.

The "scare" showed the stability of paper concerns.—From the recent financial "scare" paper men can derive some comfort, as the disturbance has demonstrated the solidity of the industry, but few concerns being obliged to go into receivers' hands because of the inability to get the banks to discount their paper.

Only three important failures.—In the list of unfortunate sufferers because of the lack of cash were the Friend Paper Company, of West Carrollton, Ohio; the Traders Paper Board Company, of Begots, N. J., and the Grove Mills Paper Company, of Newburgh, N. Y. Besides these manufacturing concerns there were a few smaller failures of little trade importance.

Mr. NORRIS. I also submit a report preliminary to the meeting of the American Paper and Pulp Association, which includes in the report a copy of a letter from David S. Cowles, president of the association, wherein he seeks to obtain from each paper maker a report for tabulation. I will read the entire letter, because of the possible relation it may have to these figures. [Reads:]

AMERICAN PAPER AND PULP ASSOCIATION,
309 Broadway, New York.

DEAR SIR: It has been thought it might prove of great advantage and interest to present at the next annual meeting of the association a tabulation showing the product of paper for the year 1907, and stocks on hand January 1, 1907 and 1908.

Will you not, therefore, give us on the inclosed forms these particulars, returning the report in an envelope bearing your name, that we may check your name as having replied—no name need appear on the report? Thus there will be no record extant except the totals of returns.

These facts and figures you can give to us with the absolute certainty that they will be treated in entire confidence by the gentleman in charge of the association headquarters and will be seen by no one but him. After the figures are tabulated the returns will be immediately destroyed, the tabulation only remaining on file in the office.

This is a step toward the compilation of paper statistics which ought to prove of great value to the whole trade, as similar ones are used by all the large trade associations without detriment to individual manufacturers, yet with benefit to all. Many of the larger companies have agreed to supply this information, and we trust you will assist us in the compilation of these statistics by sending us as soon as possible after the 1st of January the inclosed card duly filled out.

The statistics mentioned will probably be of particular use in the preparation and presentation of the manufacturers' case in any discussion of the tariff which might come up within a year as seems to be likely at this writing, and the association of manufacturers should be in possession of reliable data on the subject.

Yours, very truly,

AMERICAN PAPER AND PULP ASSOCIATION,
D. S. COWLES, *President*.

(Following is the report referred to:)

FIGURES ON PRODUCTION—THE A. P. & P. A. GATHERING STATISTICS FOR PRESENTATION AT ANNUAL MEETING—THE PROMINENCE OF THE TARIFF QUESTION HAS INDUCED THE OFFICERS OF THE ASSOCIATION TO COMPILE FIGURES SHOWING THE ACTUAL STATE OF TRADE IN EACH BRANCH OF THE INDUSTRY.

Statistics covering the production of all grades of paper, ground wood, soda, and sulphite fiber for 1907, with the stocks on hand January 1, 1907 and 1908, are being prepared by the American Paper and Pulp Association to be presented at the annual meeting of the association on February 6. It is believed that the figures as tabulated will prove of great advantage and interest to every manufacturer; in fact, it is an attempt to compile paper statistics which ought to be of great value to the entire paper trade of the country.

Another point in favor of the gathering of this data is because of the growing agitation for tariff revision. The question of revising the tariff will undoubtedly come up for discussion within a year. When the time comes for action on this matter the manufacturers should have all the available information possible in order to support their side of the question.

So far the efforts of the association to secure the necessary statistics have met with marked success, inasmuch as all the largest manufacturers in each branch of the industry have replied promptly, giving the desired facts on the blank form supplied for that purpose. Many letters have also been received heartily indorsing the action of the association. Trade associations in other large industries have compiled statistics along similar lines without detriment to individual manufacturers, yet with great benefit to all.

The figures received by the association will be treated in strict confidence and only the tabulation of the total will be retained on file at the association's headquarters in New York.

Members of the association who have received the blank forms should fill them out as soon as possible, in order to facilitate the compilation work. Nonmembers who wish to participate in the movement on a reciprocal basis can do so by addressing the association for the necessary forms.

Mr. NORRIS. Also a report from the Paper Trade Journal of February 20, 1908, purporting to enumerate some mills that are down temporarily, including the plant of the International Paper Company at Bellows Falls, Vt., which has six mills down. "The other mills at that place are running." [Submits following:]

MILLS THAT ARE DOWN TEMPORARILY.

The Cheboygan Paper Company, of Cheboygan, Mich., closed down last week temporarily, owing to a delay in the delivery of fuel, the railroads being snowbound.

The Luke, Md., mill of the West Virginia Pulp and Paper Company has placed the employees on short time.

It is announced that the Poland Paper Company, of Mechanic Falls, Me., will curtail its production shortly by operating only four days a week.

The plant of the International Paper Company at Bellows Falls, Vt., has six machines down. The other mills at that place are running.

The mill of the Claremont Paper Company at Claremont, N. H., has suspended operations temporarily.

The International Paper Company's mill at Wilder, Vt., has been shut down for an indefinite period.

Two machines were shut down at the South Glens Falls, N. Y., plant of the International Paper Company last week. It is expected that the machines will be started up again in a few weeks.

market was very strong the manufacturers decided to remedy the matter of poor returns by instituting the upward price movement which had been started in good earnest in the fall of 1906. "Meetings and advances" thereafter became a stereotyped headline in *The Paper Trade Journal*. The meeting of the writing-paper manufacturers, held at Springfield, Mass., January—happened to be the first one of the year—and also one of the most noteworthy—as it was considered strong evidence of the existence of unusual trade conditions, the writing men being proverbially disinclined to "flock together."

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This is a step toward the compilation of paper statistics which ought to have great value to the whole trade, as similar ones are used by all the large transactions without detriment to individual manufacturers, yet with benefit to all of the larger companies have agreed to supply this information, and we try to assist us in the compilation of these statistics by sending us as soon as possible on or before the 1st of January the inclosed card duly filled out.

UN

Yours, very truly,

Following is the report referred to:

Statistics covering the production of all grades of white fiber for 1907, with the stock on hand, as reported by the American Cotton Shredding and Ginning Association.

Statistics covering the production of all grades of paper, ground wood, waste, and white fiber for 1907, with the stocks on hand January 1, 1907 and 1908 are being prepared by the American Paper and Pulp Association to be presented at the annual meeting of the association on February 6. It is believed that the figures will prove of great advantage and interest to every one in the paper and pulp business of the country.

Another point in favor of the gathering of this data is because of the great value of such information within a year. The question of revising no tariff will undoubtedly be raised at some time or other. When the time comes for such a revision, we should have all the available statistics which ought to be of great value to the entire people of the country.

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...the oral will be retained in its present condition and only as possible. In order to facilitate the identification of the participants in the movement, a committee should be formed for the necessary work.

10. 1948, purporting to be from the State Trade Journal of Tokyo, including the last of the statements of the company, and which was in the form of a letter to the company, and which was in the form of a letter to the company, and which was in the form of a letter to the company.

SECRET

100-443887-100

Other mills are referred to in that telegram.

Also a publication within a day or so or April 14, 1908, wherein the Paper Trade Journal undertakes to give a statement of the demand in the market and giving, among other things, the following:

As an indication of how large the decline in the demand for all grades of paper has been, it is stated that most of the mills are now running about 50 per cent of their full capacity. All grades of paper, while less active, continue to move in a small way, with concessions being offered by the mills on news paper, manila and fiber papers, and tissue paper.

The entire extract follows:

THE DEMAND IS LISTLESS—NEW BUSINESS IS COMPARATIVELY SMALL, ONLY PRESSING NEEDS BEING CARED FOR—NO ORDERS BEING PLACED WITH THE MILLS EXCEPT FOR PAPER THAT CAN NOT BE SUPPLIED OUT OF STOCK.

Trade conditions in the New York market seem to be considerably mixed, and reports in regard to business are so much at variance that it would be extremely difficult at present to place a fairly accurate estimate on the probable extent of the prevailing demand for the various grades of paper. Developments which might have a reassuring effect upon the unsettled market situation have not taken definite shape as yet, and in the meantime dealers and consumers are apparently holding off to see what next is going to turn up. Nearly everyone in the jobbing trade is in an anticipatory mood, and the element of bearishness is now showing up more prominently. Whether the demand is moving in the direction of improvement or not would simply be a matter of conjecture just now, but one thing, however, is certain, and that is that both jobbers and consumers continue to restrict their buying to just such supplies as they must absolutely have. In this way sales with most jobbing firms show a much smaller average, and orders with the manufacturers in general reflect much the same condition. Even considering the curtailment in consumption, the dealers are kept fairly busy with the everyday requirements of their customers. With the mills it is just the reverse, and very few of them have more than a small fraction of the tonnage they had on their books in April a year ago. If the dealers had not been heavily stocked, the manufacturers would undoubtedly be getting more orders from this direction than has been the case recently. Of course the dealers are admittedly taking advantage of the fact that prices can not go any higher, and the mills can fill orders on short notice, which has deterred many of them from ordering beyond their present needs, even if their stocks were dwindling. The box-board manufacturers have received practically no benefit in the way of an increased demand as a result of the reduced prices, and this proves conclusively how ill-advised it was to cut prices at this time. Jobbers in box board were somewhat surprised at the action of the United Box Board and Paper Company in cutting them out, but, as one large dealer said: "The dealers can find any number of outside mills willing to take their business on a 5 per cent commission." As an indication of how large the decline in the demand for all grades of paper has been, it is stated that most of the mills are now running about 50 per cent of their full capacity. All grades of paper, while less active, continue to move in a small way, with concessions being offered by the mills on news paper, manila and fiber papers, and tissue paper. The general impression among the local paper men is that business will not experience any real, healthy improvement before next fall.

Mr. NORRIS. I have a fragmentary reference to a minor company, which may as well go in at this time. It is from the Paper Trade Journal of December 26, 1907, headed "Withdrawals from Tissue Association," wherein it is stated. [Reads:]

WITHDRAWS FROM TISSUE ASSOCIATION.

Having discovered that prices were being cut by a few of the manufacturers in the Tissue Paper Manufacturers' Association (white and colored), the Crystal Paper Company, of Middletown, Ohio, has withdrawn from that association. The company has revised its price list on local direct shipments as follows: White and colored tissues, 42½ cents; in carloads, 40 cents. Manila tissue, 45 cents; in carloads, 42½ cents. The association's prices are, white, colored, and manila tissues, 45 cents; in carloads, 42½ cents.

I have also some information relating especially to the combination of the news-print paper mills in the West, the mills which formerly comprised the General Paper Company. First, a dispatch from Milwaukee, Wis., March 11, 1907, to the New York Times, wherein it states that W. H. Hurlbut, of St. Louis, general freight agent of the Missouri Pacific Railroad, has been appointed general traffic agent of all the paper mills in the Northwest, and that hereafter all mills formerly affiliated with the trust would have their output routed and shipped under his direction, and that Mr. Hurlbut formerly occupied a similar position under the trust, meaning the General Paper Company. Then it proceeds. [Reads:]

Although since the decision against the trust the mills have been operating independently, it is known that some sort of plan or agreement among them has been reached. Mr. Hurlbut's salary, \$12,000, it is said, will be paid by the mills affected by the new arrangement.

Following is the entire item:

PAPER TRUST ACTIVE AGAIN—W. H. HURLBUT AGAIN GENERAL TRAFFIC AGENT OF ITS MILLS.

[Special to the New York Times.]

MILWAUKEE, WIS., March 1.

A sign that the paper trust, which was put out of business last year by the United States Government, is resuming operations was the announcement to-day that W. H. Hurlbut, of St. Louis, general freight agent of the Missouri Pacific Railroad, had been appointed general traffic agent of all the paper mills in the Northwest, and that hereafter all mills formerly affiliated with the trust would have their output routed and shipped under his direction. Mr. Hurlbut formerly occupied a similar position under the trust.

Although since the decision against the trust the mills have been operating independently, it is known that some sort of plan or agreement among them has been reached. Mr. Hurlbut's salary, \$12,000, it is said, will be paid jointly by the mills affected by the new arrangement.

The CHAIRMAN. The purpose of that, of course, is to show that they were in some kind of combination.

Mr. NORRIS. Yes; and I will furnish additional data, purporting to give a statement from F. J. Sensenbrenner, of the Kimberly-Clark Company, touching this matter. I read from the Wood Pulp News of March 9, 1907:

F. J. Sensenbrenner, of the Kimberly-Clark Company, had the following to say concerning the matter:

"It is a fact that a traffic bureau has been established, with Mr. Hurlbut at the head. This bureau is for the Kimberly-Clark Company's mills, and the mills of any other paper company that cares to take advantage of the bureau's service, which will consist of all the routing and shipping of product of the mills represented in the bureau, but will have nothing whatever to do with the sales and prices, which will be made and established as heretofore, and the statement that this traffic bureau is a combination of the mills to restrict trade is extremely ridiculous. The object of this bureau is to secure, if possible, better traffic conditions with regard to a quicker and more satisfactory handling of the product of the mills."

WISCONSIN.

The CHAIRMAN. What is the date of this?

Mr. NORRIS. March 9, 1907; about thirteen months ago.

I submit a clipping from the Paper Trade Journal, subsequent to April 15, 1907, probably April 17, 1907, but anyhow in the third week of April, printing a dispatch from Appleton, Wis., under date of April 15, 1907, purporting to give the movements of John J.

Hanrahan, of New York, in arranging for a merger of a number of western mills into one consolidated company.

Mr. RYAN. Who was John J. Hanrahan?

Mr. NORRIS. John J. Hanrahan is an employee of or representative of Dean & Chable, of No. 26 Broadway, New York, the Standard Oil Building.

Mr. SIMS. In that connection, what is the business of Dean & Chable?

Mr. NORRIS. I assume that they are bankers; possibly bondsmen; I do not mean to say it in a disparaging way, but substantially promoters.

Mr. SIMS. They are not manufacturers of paper?

Mr. NORRIS. Not as I understand.

Mr. RYAN. Was Hanrahan ever identified before with this? I have not heard his name mentioned before.

Mr. NORRIS. Mr. Hanrahan is the gentleman who has been credited with consolidating a number of brewery interests, and also with bringing together a group of candy manufacturers. He has some reputation as a gentleman who, working silently, is able to bring material results to gentlemen who are desirous of merging industrial interests.

Mr. SIMS. I have heard 26 Broadway before referred to as being the office of the Standard Oil Company. That is one reason I asked the question.

Mr. NORRIS. I do not understand that Dean & Chable or Mr. Hanrahan has any connection with the Standard Oil Company.

The CHAIRMAN. Do you suppose it is possible for anybody having an office that near to the Standard Oil to escape without being contaminated?

Mr. NORRIS. It would depend upon whether it was a Congressman or a newspaper publisher. [Laughter.]

The CHAIRMAN. I think myself it would depend. [Laughter.]

Mr. NORRIS. I submit this:

THE NORTHWESTERN MILL COMBINE—PROMOTER HANRAHAN IS STILL QUIETLY AT WORK IN THE FOX VALLEY, WIS., LAYING SIEGE TO THE INDIVIDUAL MILL OWNERS—RESPECT FOR HIS METHODS IS GROWING AMONG THE MANUFACTURERS.

[From our regular correspondent.]

APPLETON, WIS., April 15, 1907.

John J. Hanrahan, of New York, is still residing at the Sherman House, in Appleton, and making occasional excursions to the mills which he is supposed to be endeavoring to combine into a single corporation, as previously many times related in this correspondence. The nation from which Mr. Hanrahan's name would indicate he had sprung is noted for its garrulousness, but John J. Hanrahan is a poor exemplar of his mother country in this respect—that is, so far as business matters are concerned. As he will say nothing himself, and has had opportunity of being heard had he so desired, he can not object to the indulgence of some speculations concerning the way he is handling his mission, especially as it happens these speculations are entirely complimentary. For it appears true that respect for him and his methods seems to be growing rather than lessening through the weeks of his protracted stay in this valley,

The manufacturers' previous idea of the way to form a combination was taken from the experience of forming the General Paper Company, in the early days of such things, when the only way of doing it was for the men interested to "get together." This getting together was apt to result in a hair pulling, or something in the way of verbal fisticuffs which was not calculated to expedite the enterprise in hand. Mr. Hanrahan appears to work along an entirely different line. He does not let his left hand know what his right hand is doing, nor is his right hand any better informed of the labors of

the left. The method of his campaign is apparently to lay siege to each mill separately, without encouraging anything in the way of concerted action on the part of mill owners, and by slow, persevering, and almost unnoticed advances finally compel it to capitulate. It is the constant dropping that wears away the stone. Mr. Hanrahan has had large experience in this kind of work with other industries, and has been very successful in accomplishing what he has set out to do. Whether he will succeed here time will tell. As yet there is no evidence of either success or failure that is apparent to the eye of an outsider.

FOX RIVER.

I also submit a report from the Paper Mill, containing a dispatch from Appleton, Wis., June 17, 1907, presumably printed within two days after, headed, "Single ownership"—John Hanrahan's visit to Wisconsin and what it has accomplished," wherein it says that [reads]—

John Hanrahan, of New York, representative of Dean & Shipley—

I think it is Dean & Chable, a misprint in the paper—

left Appleton to-day, after a seven months' stay, this being his first intended long absence since coming here early last fall for the purpose of organizing a paper-mill syndicate, which is intended to take in all of the print mills in Wisconsin and adjoining States. Mr. Hanrahan is talkative enough on all subjects but the one pertaining to his business in Appleton; on that he is reticent and absolutely refuses to talk with a newspaper man. From other sources it is learned, however, that Mr. Hanrahan has virtually accomplished what he came here for, and it is said that the "single ownership" plan proposed is likely to materialize before the expiration of the present summer.

In the Paper Trade Journal of July 6, 1907, there is a publication purporting to give the progress of the "scheme of 'single ownership,'" with a statement of some of the advantages and with interviews with several manufacturers, and purporting to state the preliminary work that has been accomplished, and attempting to show that "it is likely that if the syndicate of western print mills is formed it will not be very much different than the eastern combination."

Mr. SIMS. In referring to the "combination" there, Mr. Norris, do you understand that to mean the International Company?

Mr. NORRIS. Suppose I read what it says about this single ownership and the relations to the newspapers?

Mr. SIMS. I thought you were through?

Mr. NORRIS. [Reads:]

Perhaps the most important advantage of the "single ownership" system over the present régime lies in the manner of filling orders. The paper business of to-day is vastly different than that of ten years ago, and the demands upon the mills are becoming greater every day. It is altogether impossible for some of the print paper mills to fill some of the big orders placed to-day, because of the lack of capacity. This reason eliminates these companies from the market so far as getting the big jobs are concerned, and, of course, places a handicap upon them so far as competition is concerned. Many of the newspapers in the larger cities of the country make it an imperative stipulation that a certain amount of paper be kept on hand constantly to provide against the shut down of the mill running on their job or against any possible impairment of transportation facilities. In Chicago, for instance, the big dailies insist that a large quantity of print paper be kept there for a "rainy day," so to speak. In the days of the General Paper Company there was no danger of an order, however great, not being filled according to contract, because this company sold the product of a great many mills. If one mill was for any reason unable to supply the paper, another mill affiliated with the company came to the rescue, and thus the mills included in the General Paper Company were in a position to go after the biggest paper contracts let anywhere in the country. It is along this plan that the International Paper Company operates, and it is likely that if the syndicate of western print mills is formed it will not be very much different than the eastern combination.

There is another paragraph in that which is quite interesting, which I will read:

Then, there are innumerable other smaller but vastly important advantages in the "single ownership" system that are not enjoyed when the various companies are scratching around separately and alone. Inasmuch as the proposed syndicate will not be contrary to the provisions in the Sherman antitrust law, there can be no objectionable features about it in the matter of price regulation or trade restraint, and laying aside these two features of commercial activity there is little else in which the general public is affected.

[At this point the buzzer sounded.]

Mr. NORRIS. That is not the work of the allies?

Mr. SIMS. This does not interest you at all.

The CHAIRMAN. It is a matter of roll call.

Mr. STAFFORD. You are not particeps criminis in this.

Mr. NORRIS. I give also a report from The Paper Mill of July 4, 1907, which undertakes to quote from the Milwaukee Sentinel. This is the second trituration of news about Hanrahan.

The CHAIRMAN. That is a homeopathic term. I am getting it in large quantities now on another bill.

Mr. NORRIS. Probably you need it in homeopathic doses.

The CHAIRMAN. It is on another bill, a homeopathic bill.

Mr. NORRIS. This report says. [Reads:]

WESTERN NEWS—WHAT A WESTERN PAPER SAYS IS DOING IN THE WAY OF A SINGLE OWNERSHIP PLAN.

All print-paper mills of Wisconsin, Minnesota, and Michigan soon will be controlled by one company, manufacturers having held a meeting last week with a view to perfecting plans for the mammoth single-ownership system, says the Milwaukee Sentinel.

For seven months John J. Hanrahan, of New York, representative of Dean & Shipley, of New York, has been in Appleton and other paper-manufacturing points making preliminary plans for the biggest deal in the history of Wisconsin paper making. Last week, Friday, Mr. Hanrahan returned to New York, and before leaving he informed a close friend here that he had accomplished his purpose, intimating that his portion of the work of amalgamating the newspaper mills of this section of the country into one company had been completed.

Print-paper manufacturers are exceedingly reticent and refuse absolutely to talk on the proposition, although it has been an open secret for many weeks that Mr. Hanrahan's visit to Appleton and other paper-making centers was for the purpose of laying plans for the syndicate, which will involve some millions of dollars' worth of property. Several weeks ago, when a Sentinel representative attempted to interview Mr. Hanrahan, all that could be elicited from him was: "If there is anything to say concerning my activities here I want the paper-mill men to say it; I have nothing to say."

John J. Hanrahan is the man who several years ago perfected the candy syndicate in the West and also engineered the amalgamation of the big brewery companies of several of the Eastern States. He is a man of wide experience in this line of work.

Although all the Wisconsin print mills were not represented at the meeting held last week, many manufacturers were there and eastern paper men were invited into the meeting. The syndicate planned for the Western mills is based on much the same lines as that of the Eastern, the International Paper Company, and when completed will include practically all of the newspaper mills of this section of the country. It is understood that a Menasha man is booked for the presidency, and that headquarters will be established in Milwaukee or Chicago.

"There is nothing that I can give out for publication to-day concerning the prospective newspaper mill syndicate," said a man prominently connected with a local paper mill this afternoon. He admitted that during the last few months he had heard more or less talk concerning the syndicate and declared he knew of Mr. Hanrahan's long visit here being for the purpose of laying the foundation for the amalgamation.

Mr. STAFFORD. In the correspondence in the newspapers there are instances where the eastern manufacturers have attempted to get business in the Middle West, but I do not recall anywhere the Middle West manufacturers, as those in Wisconsin, have attempted to get the trade of the East. Do you recall any such instances?

Mr. NORRIS. There have been so many varied reports that I would not care offhand to make any statement upon that. I remember that in the reports of the transfers of mills there seemed to be a peculiar shifting of orders between Carthage, West End, New York, and the Rhinelander, Wis., mills.

Mr. STAFFORD. I do not recall any testimony of western representatives seeking the business of eastern publishing houses.

Mr. NORRIS. I do not. In fact, when the General Paper Company was attacked by us in 1904, the charge was that there had been a division of territory at Indiana, with the exception of a few contracts reserved for the larger eastern companies in Chicago and St. Louis, and one or two other places, and that in New Orleans to the New Orleans Item a bonus or reduction of \$1 per ton had been made in the price of paper to the publishing company upon its agreeing to shift from the eastern to the western mills.

Mr. STAFFORD. What was the division of territory that you claim existed at that time?

Mr. NORRIS. In 1905 Indiana, east of Indiana—

Mr. STAFFORD. How about territory to the south of Indiana?

Mr. NORRIS. We never knew anything about the lines, except that we had understood Indiana marked the division between the eastern mills and the western mills. [Continues reading:]

A single ownership company is the plan, as was learned from other sources, and there seems to be little doubt but that this will be brought about soon. Nothing could be learned of the meeting said to be in progress in Milwaukee.

Wisconsin paper manufacturers are reported to be planning the formation of a syndicate embracing some twenty-five large mills. A meeting was to have been held at the Hotel Pfister, but owing to the absence of L. M. Alexander, who was secretary and treasurer of the late General Paper Company, the arrangement was delayed, but will be taken up for discussion within a few days. A great deal of preliminary talk has already taken place. The formation of the syndicate will finally depend upon a mutual agreement as to value of plants. During the last few weeks representatives of the proposed syndicate have visited a large number of the paper mills in the State for the purpose of appraising the properties, securing figures as to output, for the purpose of arriving at an equitable basis for the issuance of stock in the new concern.

Mr. NORRIS. The next item is in The Paper Mill a few days subsequent to July 15, 1907, because on that date there is an article headed "News merger. No new developments in the projected consolidation. Progressing favorably. It is definitely stated that a new single ownership company will be organized."

The full article is as follows:

NEWS MERGER—NO NEW DEVELOPMENTS IN THE PROJECTED CONSOLIDATION—PROGRESSING FAVORABLY—IT IS DEFINITELY STATED THAT THE NEW SINGLE OWNERSHIP COMPANY WILL BE ORGANIZED.

[Correspondence of The Paper Mill.]

APPLETON, WIS., July 15, 1907.

There has been nothing particularly new in the last week concerning the prospective print paper company syndicate, but it is said that negotiations are progressing favorably. A report gained some currency a few days ago to the effect that a number of print paper companies have refused to enter the syndicate and decline to

continue negotiations. It is said that they are not satisfied with the appraisal made of their property and for that reason will no longer consider entering and becoming a part of the syndicate. This report, like others pertaining to the syndicate, can not be verified, manufacturers refusing to corroborate or deny it.

From another source it was learned this last week that the large majority of mills of Wisconsin, Michigan, and Minnesota have been secured and that despite the fact that several of the individual companies refuse to merge their plants the syndicate will be organized.

WISCONSIN.

Mr. NORRIS. Also a dispatch printed in The Paper Mill a few days subsequent to August 5, 1907, from Appleton, Wis., dated August 5, 1907, wherein appears, among other things, the following [reads]:

The paper manufacturers of the Northwest, as I said before, have been playing a losing game for the past four or five years, and they were making a little money when the General Paper Company was formed, and since the dissolution of the General Paper Company they have made nothing, but have lost money on account of running their mills single handed, which is an impossibility at the present time. They must join hands to make a success; divided they are bound to fall. So they have started in to form an International Paper Company of the Northwest, and all the mills that were in the General Paper Company are to-day hand in hand in the forming of this Western International Paper Company, which means that every mill is bought and paid for and goes into this organization with clean skirts.

The CHAIRMAN. What is this?

Mr. NORRIS. This is a dispatch; it is simply preliminary; it is anticipating that which has not eventuated, but is information which furnishes a line to the committee. [Reads:]

Now, all the manufacturers going into this organization agreed on three experienced men to go over each and every one of the plants that they signified their willingness to put into the organization, and those men are now at Appleton going through the plants. One is a sulphite pulp manufacturer with great experience, another is one of the best paper and pulp mill architects in this country, and the other is an experienced paper mill machinery builder, who knows when he sees a machine, or beating engine, or a screen what it is actually worth to-day and what it was worth when it was originally put into the plant. These three men are going to go through every one of the mills that has signified its intention to join the western organization of mills.

The three gentlemen are N. M. Jones, of Katahdin Pulp and Paper Company, Lincoln, Me.; George F. Hardy, the famous paper and pulp mill architect of the East, and Stuart D. Lansing, of the Bagley & Sewall Company, Watertown, N. Y. I have read only parts of that article.

The CHAIRMAN. Do you want that to go in in full?

Mr. NORRIS. Well, I have no special desire, unless the committee might want it. If you put in just what was read it will be enough.

From correspondence to The Paper Mill, dated Appleton, Wis., August 12, 1907. [Reads:]

Large force at work on proposed western merger. Properties under option. The tonnage that is required. Manila and pulp mills. What John Van Nortwick says:

This dispatch I ask to be put in in full, because it purports to give a full list of the mills in Wisconsin and elsewhere. It might be exceedingly helpful to the committee as to details. It gives the list of nine appraisers and expert accountants who are now at work in several of the mills of the State, making appraisals of the plants on which options have been secured. [Reads:]

Of the nine men now here, six of them arrived last Saturday morning. Those who are now at work are: R. B. Atwell, D. N. Hoover, F. L. Olsen, and S. B. Weatherbee, of the American Appraisal Company, of Milwaukee; N. M. Jones, of Bangor, Me.;

S. D. Lansing, of Watertown, N. Y.; W. E. Read and Harry Price, of New York City, the latter two being expert accountants. George F. Hardy, of New York City, is also here and is making the rounds of the mills in company with John G. Hanrahan. The men started their work of appraisal at the plant of the Combined Locks Paper Company, at Combined Locks. They will next go to Neenah and Menasha and it is expected that this phase of the work will continue for about two weeks.

I will read another extract from the——

The CHAIRMAN. You want that article to go in in full?

Mr. NORRIS. Yes; I am reading this merely to enable the committee to get an idea of it.

The CHAIRMAN. This is a part of the same article?

Mr. NORRIS. It is the same article. [Reads:]

According to Mr. Van Nortwick, the statement has been made by John G. Hanrahan that in order to perfect the merger it will be necessary to secure control of mills whose average daily capacity in the aggregate will be 750 tons of print paper. This will necessitate the merger in Wisconsin of 14 print mills with a combined capacity of about 550 tons, one in the State of Michigan, with a capacity of 60 tons, and four in Minnesota, with a combined capacity of about 170 tons. In order to keep that many print mills in operation it will be necessary to have pulp mills making about 850 tons of ground wood daily. The pulp mills now being operated in connection with the print mills on which the syndicate is said to have options are turning out only about 575 tons of ground wood daily, which is only slightly more than one-half of the required amount.

The full article is as follows:

APPRAISING—LARGE FORCE AT WORK ON PROPOSED WESTERN MERGER—PROPERTIES UNDER OPTION—THE TONNAGE THAT IS REQUIRED—MANILA AND PULP MILLS—WHAT JOHN VAN NORTWICK SAYS.

[Correspondence of The Paper Mill.]

APPLETON, WIS., August 12, 1907.

Apparently the only contingency that can now bring about a failure of the prospective print-paper mill merger in Wisconsin, Michigan, and Minnesota lies in the event of the appraisers not setting a sufficient valuation upon the mills to induce the present owners to sell to those back of the syndicate proposition. Every other preliminary detail seems now to have been satisfactorily disposed of, and all, as far as can be learned, now rests with the appraisers, who are at present at work in several of the large mills of the Fox and Wisconsin rivers valleys.

The question of whose vast wealth is back of the merger movement is one that is veiled in the deepest mystery, and even the manufacturers whose plants are likely to be merged in this enormous consolidation of paper mills declare they have no definite idea as to whose money will ultimately purchase the mills and consummate the consolidation. What is said by some to be a well-grounded report is that John D. Rockefeller is behind the project. It is reported that John G. Hanrahan, who has engineered the entire project since last September and who still is at the head of all activities, has his offices in the Standard Oil Company's building in New York City. It is also stated by those who claim to know something of it that nothing represented in that building is entirely separate and distinct from Standard Oil Company's interests. Deducing from that premise it would seem that considerable substantiation might be given the report that the oil king is behind the proposition.

Nine appraisers and expert accountants are now at work in several mills of the State making appraisals of the plants on which options have been secured. Of the nine men now here, six of them arrived last Saturday morning. Those who are now at work are: R. B. Atwell, D. N. Hoover, F. L. Olsen, and S. B. Weatherbee, of the American Appraisal Company, of Milwaukee; N. M. Jones, of Bangor, Me.; S. D. Lansing, of Watertown, N. Y.; W. E. Read and Harry Price, of New York City: the latter two being expert accountants. George F. Hardy, of New York City, is also here and is making the rounds of the mills in company with John G. Hanrahan. The men started their work of appraisal at the plant of the Combined Locks Paper Company, at Combined Locks. They will next go to Neenah and Menasha, and it is expected that this phase of the work will continue for about two weeks. It is said that the salary and expenses of Mr. Hanrahan's party will aggregate \$5,000 per week.

As soon as the appraisers have completed their work it is expected that a meeting of all the manufacturers interested will be called either in this city or Milwaukee for the purpose of preparing the way for the transfer of their property.

John S. Van Nortwick, president of the Combined Locks Paper Company, has been enthusiastic over the merger proposition almost since its inception, and now is one of the few men interested who will talk concerning the deal. According to Mr. Van Nortwick, the statement has been made by John G. Hanrahan that in order to perfect the merger it will be necessary to secure control of mills whose average daily capacity in the aggregate will be 750 tons of print paper. This will necessitate the merger in Wisconsin of 14 print mills, with a combined capacity of about 550 tons, 1 in the State of Michigan with a capacity of 60 tons, and 4 in Minnesota with a combined capacity of 170 tons. In order to keep that many print mills in operation, it will be necessary to have pulp mills making about 850 tons of ground wood daily. The pulp mills now being operated in connection with the print mills on which the syndicate is said to have options are turning out only about 575 tons of ground wood daily, which is only slightly more than one-half of the required amount.

This fact, coupled with the fact that appraisers are known to have visited several of the pulp mills in this vicinity, seems to substantiate the report that the syndicate is after not only the print mills, but the pulp and sulphite plants of this vicinity. Another report, also, is to the effect that before the merger is perfected the mills making manila and wrapping papers will be included. The project is likely to involve as much as \$20,000,000.

Although the report can not be verified, it is said that a price has been decided upon for the purchase of the plant of the Menasha Paper Company, the appraisers, after two days' work, having suddenly discontinued their activities at this mill. The men appraising this plant were N. M. Jones, of Bangor, Me., and S. D. Lansing, of Watertown, N. Y. The Island Paper Company's plant was next visited by the appraisers, and, as this plant does not manufacture print paper, the report that manila and wrapping paper mills and sulphite plants are to be included in the syndicate seems again to be substantiated.

Some time ago, when the local representative sent to the paper mill the first announcement of the possibility of a print paper syndicate in the Middle West, a representative of the Kimberly-Clark Company informed me that no proposition had been made to that company to become affiliated with a syndicate, and that no such proposition would likely be considered. This same representative to-day refused to confirm or deny the statement that the Kimberly-Clark mills will be included in the consolidation. It was intimated that if the right price is offered by those backing the syndicate the mills will be sold; but further than that nothing could be elicited. There is every likelihood, however, that the print mills of this company will be included, and the reported list of mills on which the syndicate people are said to have secured options includes the names of the Kimberly-Clark mills.

The mills in Wisconsin on which options are said to have been secured, including the daily capacity of each, follow:

Tomahawk Pulp and Paper Company, Tomahawk, 12 tons of print, 9 tons of pulp.

Combined Locks Paper Company, Combined Locks, 70 tons of print, 50 tons of ground wood pulp.

Consolidated Water Power and Paper Company, Grand Rapids, 70 tons of print, 84 tons of pulp.

Wisconsin River Paper and Pulp Company, Stevens Point, 45 tons of print, 50 tons of pulp.

Dells Paper and Pulp Company, Eau Claire, 60 tons of print, 35 tons pulp.

Centralia Pulp and Paper Company, Grand Rapids, 25 tons of print, 18 tons of pulp.

Grand Rapids Pulp and Paper Company, Grand Rapids, 40 tons of print, 30 tons of pulp.

Park Mill, Marinette and Menominee Paper Company, Marinette, 30 tons of print, 20 tons of pulp.

Neenah Paper Company, Neenah, 25 tons of print.

Menasha Paper Company, Menasha, 18 tons of print.

Merrill Paper Company, Merrill, 15 tons of print, 20 tons of pulp.

Flambeau Paper Company, Park Falls, 20 tons of print, 25 tons of pulp.

Edwards Manufacturing Company, Port Edwards, 50 tons of print, 50 tons of pulp.

Rhineland Paper Company, Rhineland, 40 tons of print, 40 tons of pulp.

The mills in Minnesota on which options are said to have been secured are as follows:

Hennepin Paper Company, Little Falls, 25 tons of print, 25 tons of pulp.

Itasca Paper Company, Grand Rapids, 20 tons of print, 25 tons of pulp.

Watab Paper and Pulp Company, Bartell, 80 tons of print, 50 tons of pulp.

Northwestern Paper Company, Cloquet, 50 tons of print, 12 tons of pulp.

The Cheboygan Paper Company is the only mill in Michigan on which an option is said to have been secured.

Last Friday evening paper manufacturers of this vicinity were guests at a dinner at Roberts's Resort, Menasha, at which John Strange, of the Strange Paper Company,

was host. After the dinner an informal business discussion ensued, and it is said that the proposed merger was thoroughly rehearsed. The principal subject, however, is said to have been the matter of acquiring vast pulp-wood lands in Canada, so as to insure ample raw material for the future operation of the mills. Weekly meetings in the nature of banquets and dinners are being held by paper manufacturers of late, indicating that matters of great moment are in the air. Few, however, will divulge any of the business discussed, and those who do talk do so in such vague terms that an outsider has a difficult time getting the drift of things. The merger now seems certain, however, and it will likely be but a short time longer before manufacturers generally will consent to talk on the subject. As the proposition now stands, it is doubtful if the mill owners themselves know everything connected with the project.

WISCONSIN.

Mr. NORRIS. Also a dispatch in The Paper Mill of August 31, 1907, headed, "News Merger—The work that is being done in the matter—The Kimberly-Clark Company—Rumor that it will not be included in the new company—Movements of interested persons." Among other things in this dispatch, which I will ask be printed in full, is the following. [Reads:]

Mr. Hanrahan and party returned Friday from Eau Claire and Ladysmith, where they conferred with the heads of the paper and pulp mills. It is understood that an option on the Dells Paper and Pulp Mill at Eau Claire and on the Neenah Paper Company's mill at Ladysmith has been obtained. * * * After remaining in Appleton a short time, Mr. Hanrahan and party departed for Ashland and Quinnesec, where they will look over the pulp mill and paper mill, the former being the property of the Menasha Paper Company, and the latter of the Kimberly-Clark Company.

The full article is as follows:

NEWS MERGER—THE WORK THAT IS BEING DONE IN THE MATTER—THE KIMBERLY CLARK COMPANY—RUMOR THAT IT WILL NOT BE INCLUDED IN THE NEW COMPANY—MOVEMENTS OF INTERESTED PERSONS.

[Correspondence of The Paper Mill.]

APPLETON, WIS., August 19, 1907.

When John G. Hanrahan, of New York, head of the prospective print and pulp mill merger of the Middle West, said to me yesterday that everything pertaining to his work is progressing satisfactorily, he told practically all there was new to the situation, the past week having developed nothing that had not already been exploited in these columns. All that Mr. Hanrahan would allow himself to say on the subject of his activities is that things were moving along satisfactorily. But that was a lot for him, for heretofore he would not even consent to say that much about his work. His characteristic reticence is still conspicuous and all that is known of the contemplated merger, the first announcement of which was made in The Paper Mill last October, has leaked out elsewhere.

Mr. Hanrahan and party returned Friday from Eau Claire and Ladysmith, where they conferred with the heads of the paper and pulp mills. It is understood that an option on the Dells Paper and Pulp Mill at Eau Claire and on the Neenah Paper Company's mill at Ladysmith has been obtained. Immediately after the conference at Eau Claire, W. L. Davis, president of the Dells Company, went to New York, and it is said that there is no question but that his plant will be included in the merger. After remaining in Appleton a short time, Mr. Hanrahan and party departed for Ashland and Quinnesec, where they will look over the pulp mill and paper mill, the former being the property of the Menasha Paper Company and the latter of the Kimberly-Clark Company.

A report that can not be verified emanated to-day from a traveling salesman, whose work throws him in contact with many of the paper manufacturers of this vicinity, to the effect that the big mill of the Kimberly-Clark Company, at Kimberly, will not be included in the merger, the company agreeing to include all their other plants as far as desirable, but refusing to allow the Kimberly plant to become affiliated. The Kimberly mill, with a capacity of 120 tons, is practically new and is the largest plant of its kind in the Middle West.

One manufacturer who was seen a few days ago was amused at the articles going the rounds of some of the newspapers concerning the merger. "Some of the reports I have read concerning this deal would lead a man to believe that the merger will be a

reality next week, and that everything will be lovely with the manufacturers of paper in only a few days. This is nonsense. If the merger is consummated, I venture to say the deal will not be closed for at least another six months. The proposition has already been hanging fire for ten months and it would be no surprise to me to see it in statu quo six months hence. Another amusing feature that I have noted is the amount of money involved in the project. The first press dispatches involved only a matter of about \$10,000,000 and now the figures are away up in the thirty and forty millions, one report even setting the figure at \$50,000,000."

A report current to-day is to the effect that the company's headquarters will be established at Neenah, and that M. H. Ballou, of the Menasha Paper Company, is being prominently mentioned as president of the new concern. None of these rumors can be verified, although it is said to be more than likely that the main offices of the merger will be in Appleton or Neenah, inasmuch as these cities are centrally located with regard to the paper industry of Wisconsin. The air is full of rumors, however, and inasmuch as no one in a position to talk will either confirm or deny things pertinent to the situation, the best that can be done is to weigh every report and accept as possible facts only those that look most reasonable.

WISCONSIN.

Mr. NORRIS. Also a dispatch in The Paper Mill of September 28, 1907, headed "Print Merger—It is said manufacturers will visit New York—Not here yet—Rumors as to the matter—Conferences to reach final understanding."

The article is as follows:

PRINT MERGER—IT IS SAID MANUFACTURERS WILL VISIT NEW YORK—NONE YET HERE—RUMORS AS TO THE MATTER—CONFERENCES TO REACH FINAL UNDERSTANDING.

[Correspondence of The Paper Mill.]

APPLETON, WIS., September 23, 1907.

"I am told that owners of print, sulphite, and wrapping paper mills whose plants have been visited by the merger people and their appraisers are now going to New York one by one, as is convenient to them, and are having consultations with those back of the big deal, with a view to coming to a final understanding," said a prominent manufacturer to me to-day. The manufacturer was not a print-paper mill man, nor was he connected with the merger proposition in any way; but he stated that he had received his information from a man who was on the inside.

Several weeks ago your correspondent heard that this would be the method of procedure, and these columns at that time told of the likelihood of further negotiations in the big deal being carried on in the promoters' offices in New York City. As far as can be learned here, no print-paper manufacturer of this vicinity has gone to New York for this purpose during the last few weeks, although some credence is given the report that each man whose mill is considered by the merger will go to New York to either accept or reject the proposition.

WISCONSIN.

Mr. NORRIS. Also a dispatch to the Paper Trade Journal printed October 17, 1907, headed, "Merger halts—Stringency in the money market said to have necessitated delay—While there is at present but little talk in regard to the merger, it is believed that eventually it will be consummated." I ask that all of that be put in. I will read one section of it. [Reads:]

When the promoters first approached the western paper manufacturers and laid the consolidation plan before them considerable interest was taken in the scheme, and the idea seemed to meet with their approval. Many of the manufacturers believed that it offered them an opportunity of avoiding the very serious problem of a future wood supply. It seemed an easy means of escape for those mill owners who did not have their own timber lands, and to whom the continued scarcity and high price of pulp wood was a constant menace.

In view of these facts the promoters found very little difficulty in securing the attention of the manufacturers, and most of them appeared to be willing to dispose of their plants.

A list of the mills to be included in the combination was finally prepared, then eastern experts were engaged to appraise the different properties. This work was fol-

lowed by the securing of options on the various plants a short time ago, and since that time very little has been learned regarding the merger. A paper man who is connected in a business way with some of the mills on which options have been obtained, in speaking of the merger, said: "I am in close touch with both sides of the proposition, and in my opinion the chances are just about even for and against the ultimate success of the whole scheme. The manufacturers don't seem to be taking as much interest in the plan as they did previously—at least none of them are worrying about it one way or the other. They are going ahead with their business, making contracts for raw materials, etc., and accepting new business just as if nothing had occurred. * * * I think the money stringency has interfered with the plans of the promoters."

The CHAIRMAN. You will put in that entire article?

Mr. NORRIS. Yes; I ask for the entire article.

(The article is as follows:)

MERGER HALTS—STRINGENCY IN THE MONEY MARKET SAID TO HAVE NECESSITATED DELAY—WHILE THERE IS AT PRESENT BUT LITTLE TALK IN REGARD TO THE MERGER, IT IS BELIEVED THAT EVENTUALLY IT WILL BE CONSUMMATED.

[From our regular correspondent.]

CHICAGO, October 15, 1907.

Very little has been heard of late in the trade regarding the proposed merger of the western mills. The general interest aroused some months ago when it became known that a plan was being considered to consolidate a large number of the mills in Michigan, Wisconsin, and Minnesota into one large company has gradually disappeared, and it is now believed in well-informed circles that the scheme has fallen through or that the chances are few for its ever becoming a reality.

The plan as first outlined was to bring under one head all the news, fiber, ground-wood, and sulphite mills in the three States already mentioned. This would have meant the consolidation of about 20 mills in the northwestern paper industry. Most of the mills formerly identified with the old General Paper Company, it is said, were to be included in the new combination. The preliminary work in connection with the merger has been carried out by John G. Hanrahan, a well-known promoter of New York, under whose direction the plan of merging the different properties was to be completed.

When the promoters first approached the western paper manufacturers and laid the consolidation before them considerable interest was taken in the scheme, and the idea seemed to meet with their approval. Many of the manufacturers believed that it offered them an opportunity of avoiding the very serious problem of a future wood supply. It seemed an easy means of escape for those mill owners who did not have their own timber lands, and to whom the continued scarcity and high price of pulp wood was a constant menace.

In view of these facts the promoters found very little difficulty in securing the attention of the manufacturers, and most of them appeared to be willing to dispose of their plants.

A list of the mills to be included in the combination was finally prepared, then eastern experts were engaged to appraise the different properties. This work was followed by the securing of options on the various plants a short time ago, and since that time very little has been learned regarding the merger. A paper man who is connected in a business way with some of the mills on which options have been obtained, in speaking of the merger, said: "I am in close touch with both sides of the proposition, and in my opinion the chances are just about even for and against the ultimate success of the whole scheme. The manufacturers don't seem to be taking as much interest in the plan as they did previously—at least none of them are worrying about it one way or the other. They are going ahead with their business, making contracts for raw materials, etc., and accepting new business just as if nothing had occurred. The plan for merging the mills was a good one. All of them were to be taken over on a cash basis practically, and there was to be no watering of stock, neither would any antiquated mills be accepted. I think the money stringency has interfered with the plans of the promoters."

M.

Mr. NORRIS. There is also a dispatch—I am not clear whether this is in *The Paper Mill* or the *Paper Trade Journal*, headed, "General

Paper Company, Appleton, Wis., November 4, 1907." It is evidently The Paper Mill. [Reads:]

A meeting of the General Paper Company, which concern's business will not be entirely wound up for at least six, and possibly twelve, months longer, was held last Saturday in Milwaukee.

This article is dated November 4, 1907. The concern was dissolved by order of the court May 14, 1906; that is, the order was entered at that time. [Continues reading:]

A meeting of the General Paper Company, which concern's business will not be entirely wound up for at least six, and possibly twelve, months longer, was held last Saturday in Milwaukee. Little could be learned here concerning the purpose of the meeting, except that of the readjustment of some of the contract prices. L. M. Alexander declared after the meeting that the principal subject discussed was that pertaining to the recently organized Wisconsin Valley Improvement Company. Among those present were: J. A. Kimberly, George M. Whiting, A. M. Pride, A. C. Bossard, M. H. Ballou, B. F. Nelson, C. I. McNair, and E. P. Sherry.

I do not want to be positive, but I think Mr. George M. Whiting is the gentleman who, immediately following the entry of the order of dissolution, made the announcement that the newspaper publishers would be made to suffer for their performance in bringing about the dissolution of that company.

Mr. SIMS. Does that refer to the General Paper Company?

Mr. NORRIS. That refers to the General Paper Company; and I also call attention to the fact that the mills which formerly comprised the General Paper Company and which had contracts extending after the date of dissolution have since acted in concert in renewing contracts.

Mr. STAFFORD. Will you kindly specify as to how they acted in concert?

Mr. NORRIS. In that they have negotiated jointly for contracts with the Scripps-McRae League for paper and supplies, wherein a number of mills have individually contracted for the paper supply of individual papers, but in making the negotiations have acted jointly and in violation of the prohibition of the United States court.

Mr. STAFFORD. I understand that the output of some of the mills was not sufficient to supply the demand of the Scripps-McRae League and that therefore they acted jointly or by some other means—

Mr. NORRIS. The Scripps-McRae League represents a large number of newspapers in various cities, some of which might be nearer to one mill than another; but that individual contracts have been made with the different mills between individual mills and individual papers to apparently avoid the prohibitions of that order of the United States court.

Mr. STAFFORD. Do I understand you to say that the Scripps-McRae people let a single contract to one concern or a number of concerns for furnishing them paper for the various newspapers?

Mr. NORRIS. The Scripps-McRae League had a lump contract with the General Paper Company, which provided for a readjustment, and that readjustment has been made since the order of prohibition was made effective.

Mr. STAFFORD. What do you mean by readjustment?

Mr. NORRIS. That a readjustment as to price provided for in the original contract has been made since.

Mr. STAFFORD. Will you kindly explain the term readjustment?

Mr. NORRIS. A readjustment as to price.

Mr. STAFFORD. During the contract period or as to a new period?

Mr. NORRIS. As to a period subsequent to that order, but part of the five years.

Mr. STAFFORD. Was it in its terms similar to that which the New York Times has with the International Paper Company?

Mr. NORRIS. I have not seen the contract; I do not know; I understand that a readjustment—

Mr. STAFFORD. Was this the readjustment described at the first hearing?

Mr. NORRIS. No; not according to my understanding. It is similar to that which various other newspapers have with other companies providing for a readjustment every year or every two years, based upon market quotations at those times. I also submit a copy of an article printed—

Mr. STAFFORD. So, as I understand, the contract period has not expired of the original contract which was entered into between Scripps-McRae and the General Paper Company?

Mr. NORRIS. That is my understanding.

I also submit a dispatch printed in the Paper Mill under the heading, "Appleton, Wis., November 24, 1907." It is headed "The western print merger." In the article it is stated that "Mr. Hanrahan, of New York, and Henry B. Dean, of Providence, R. I., returned yesterday, after spending two days at Wausau in conference with Wisconsin River Valley paper-mill men concerning the proposed print-paper mill merger. Neither will state what success was met with at Wausau or if any progress was made."

(The article in full follows:)

THE WESTERN PRINT MERGER.

[Correspondence of The Paper Mill.]

APPLETON, WIS., November 24, 1907.

John G. Hanrahan, of New York, and Henry B. Dean, of Providence, R. I., returned yesterday, after spending two days at Wausau in conference with Wisconsin River Valley paper-mill men concerning the proposed print paper mill merger. Neither will state what success was met with at Wausau or if any progress was made.

Your correspondent interviewed, or, rather, endeavored to interview, both gentlemen upon their return to Appleton, but each would talk on almost everything but paper-mill affairs. Mr. Hanrahan was one of the rooters at the Lawrence University-Beloit football game last Saturday. I met him immediately after the game, and this was the good-natured greeting I got: "If you'll agree not to talk shop, I'll consent to let you walk downtown with me."

None of the manufacturers here will talk concerning the situation. In fact, I have yet to meet a single one who does not deny that he knows of any new developments. Manufacturers, like correspondents, seem at this time to be completely at sea as to the activities of those behind the projected merger. It is doubtful, however, that anything material has been accomplished since the return of the promoters from the East. Only one manufacturer can be found in this vicinity who expresses the belief that the merger will be consummated, although it does not seem that the promoters would spend so much time and money on a project that is unfavorable to the mill owners. Mr. Hanrahan declared yesterday that he does not expect to remain in Appleton more than a few days longer, and this remark is taken to indicate that the matter will either be advanced or abandoned within the near future.

WISCONSIN.

Mr. NORRIS. Also a dispatch printed in the Paper Mill under date of February 12, 1908, headed, "Hanrahan 'on the go.' New Yorker

suspected to be again at work trying to bring about a merger of northwestern print-paper mills."

Mr. STAFFORD. What date is that?

Mr. NORRIS. February 12, 1908.

Mr. STAFFORD. Then, do you claim that Mr. Hanrahan was successful in having a merger or combination of the northwestern mills?

Mr. NORRIS. Do I claim that he has been?

Mr. STAFFORD. Up to February, 1908, the date of the article which you are just now reading?

Mr. NORRIS. I am putting in the article just for exactly what it is worth, merely for the possible illumination or nonillumination, and that it may go to the committee upon this subject in so far as it may enable the committee to make further inquiries and to obtain the fullest information under the terms of the resolution.

Mr. STAFFORD. I will repeat the question. Do you claim that there has been a combination of the northwestern mills effected up to the present time, since the dissolution of the General Paper Company?

Mr. NORRIS. We do not claim that there has been a merger into or under one ownership, but we do claim that all of these conferences and all of these arrangements and price increases and exposures of books have been in violation of the order of court in so far as that order of court prohibited them from acting in concert with respect to prices or with respect to other matters relating to output, and that to the extent that they have been in conference, to the extent that they have been having meetings, to the extent that they have been giving information, that for the period during which that has been going on they have been substantially in a combination wherein and whereby they do actually fix prices or arrange between themselves to raise prices, and thereby affect consumers.

Mr. STAFFORD. Even though this purported merger into one combination, referred to in the prior article, which Mr. Hanrahan was engaged in, was not consummated?

Mr. NORRIS. We do not allege that it was consummated, nor do we even allege that it was seriously intended to be consummated, though we may believe that. We do say that even if it were window dressed—that is, setting up scenery behind the combination where the gentlemen were acting in concert to boost prices—that it would be an extremely substantial investment on the part of those mill owners, even though it was a pure dummy performance from beginning to end, to the extent that it brought them all together, to the extent that it procured harmony, to the extent that it established prices which they all respected, and under which it trusted appraisers to go into their books and see what the results were. It was measurably a plan whereby good faith between these people was being enforced, and whereby the receipts from the product of the paper mills, the output for the particular period, could be watched.

The CHAIRMAN. Well, if you claim that those acts were in violation of—

Mr. NORRIS. What is that?

The CHAIRMAN. If you claim that these acts were in violation of the decree of the court, has the matter been called to the attention of the Department of Justice?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. I assume, although I do not know, that under the decree of court the court has power to punish a violation of the decree by summary process?

Mr. NORRIS. So do I.

The CHAIRMAN. That is a right that has not been taken away from the court either by the President or Congress.

Mr. MILLER. Are you speaking for both?

The CHAIRMAN. I am referring to the recent message and the action of Congress. Has the court been appealed to by the Department of Justice to punish the alleged violation of the decree of the court?

Mr. NORRIS. Not to my knowledge, but I believe not. You understand that we are not the keepers of the Department of Justice.

The CHAIRMAN. No; I understand that thoroughly. I am just asking for information.

Mr. SIMS. Mr. Norris, let me ask you in that connection: I understand that it is your insistence that some kind of an arrangement or understanding has been arrived at by those paper makers which in effect and in result is what would be expected of a formal agreement or merger or common ownership in fixing prices and preventing competition?

Mr. NORRIS. Substantially.

The CHAIRMAN. I take it you do not question the right of these mills to merge into a new corporation, if they wish to, in conformity with the provisions of the law, so far as that is concerned?

Mr. NORRIS. Are you asking me for a legal opinion? I am not a lawyer.

The CHAIRMAN. Well, your opinion on that is worth as much as the opinion of most lawyers on the question.

Mr. NORRIS. I should say that there might be a serious question of the right of twenty or more mills to meet together to concert a plan whereby they should all be consolidated into one concern. I think there is a question. I do not pretend to make any positive statement about it.

The CHAIRMAN. What I mean is, I judge from what you said you do not question the right of a corporation to purchase all of these mills. I am not endeavoring to pass any opinion upon the subject.

Mr. NORRIS. I understand.

The CHAIRMAN. But your contention is, as I understand it, that that was not what was being done?

Mr. NORRIS. That that was not what had been done up to this time, and that what has been done has been an action in concert or harmony of all these mills, and cooperation whereby they have substantially fixed prices.

The CHAIRMAN. Suppose, on the contrary, Mr. Hanrahan was proposing to organize a corporation for the purpose of endeavoring to purchase these western mills, and in pursuance of that asked and received permission to examine their books and their plants, would you claim that there was anything improper so far as the mills were concerned in permitting it to be done?

Mr. NORRIS. I would present the view that Mr. Hanrahan had a perfect right to go and buy twenty mills if he wanted to. The point I make is that the owners of twenty mills have no right to act in concert in a period of nine months and raise the prices and do other

things to the injury or detriment of paper consumers while such negotiations are pending by them either individually or collectively with Mr. Hanrahan.

The CHAIRMAN. I understand; all I wanted to do was to get your point of view as to the facts as they develop.

(The article referred to follows:)

HANRAHAN "ON THE GO"—NEW YORKER SUSPECTED TO BE AGAIN AT WORK TRYING TO BRING ABOUT A MERGER OF NORTHWESTERN PRINT PAPER MILLS.

[Correspondence of The Paper Mill.]

APPLETON, WIS., February 12, 1908.

In, out, and in again has been the programme of John Hanrahan, of New York, during the last four days. Mr. Hanrahan is here to resume his work in connection with the prospective print paper mill merger.

Last Thursday Mr. Hanrahan came as far north as Appleton Junction, where he changed cars, and switched his course toward the Wisconsin Valley district. The next heard of him was at Wausau, where for two days he held conferences with Wisconsin River paper manufacturers. On Saturday afternoon he arrived in Appleton, remained here long enough to say "hello" to some of his friends, eat a meal or two, and then departed for Eau Claire, where he spent Sunday in conference with the members of the Dells Paper Company. Monday afternoon he returned to Appleton, and presumably he will remain here for some time, going away from here only long enough from time to time to visit manufacturers in other nearby cities of the Fox River Valley.

"I'm ready to talk on anything but merger," said the genial New Yorker to the representative of The Paper Mill. And he meant every word he said, for it was impossible to get a scrap of information out of him concerning the proposed syndicate.

A manufacturer here, however, who refuses to allow his name to be used, said to me that he really believed the deal would now be a go. He stated that since the money market has brightened and things industrially have sort of resumed their former activity print-paper mill merger talk is more appropriate. When Mr. Hanrahan and Mr. Dean departed from Appleton last December, shortly after the panic struck the country, things looked dubious for the consummation of the projected enterprise.

It would at that time have been utterly impossible to finance so vast a deal as this. Since then, however, conditions have improved, and the presence of Mr. Hanrahan now would seem to indicate that there will be "something doing" in the near future. He is busier than ever before, has more conferences locally, and literally hangs on the long-distance wires.

WISCONSIN.

Mr. NORRIS. I will next proceed to the presentation of reports relating to the manila and fiber combination. I have a report from the Paper Mill of March 21, 1907, copy of which I will give to the stenographer, headed, "Prices higher. Manila and fiber papers are again advanced. Raw material scarce. Manila grades go up \$3 a ton, and No. 1 and extra fiber grades \$2 a ton."

The full article follows:

PRICES HIGHER—MANILA AND FIBER PAPERS ARE AGAIN ADVANCED—RAW MATERIAL SCARCE—MANILA GRADES GO UP \$3 A TON AND NO. 1 AND EXTRA FIBER GRADES \$2 A TON.

The manufacturers of manila and fiber papers have advanced prices, manila grades going up \$3 a ton and No. 1 and extra fiber \$2 a ton. It is also said that in all probability there will be a further advance in a short time.

Manufacturers explain that the price of wood has advanced so much and there is such difficulty in securing an adequate supply of it even at the high prices that they are compelled to get more for their paper.

Mr. NORRIS. Also a dispatch from Chicago dated August 1, 1907 to The Paper Mill, stating that No. 1 and No. 2 dry and water finished fiber paper and butchers' manilas have been increased.

The item follows:

ADVANCES—THE WESTERN MILLS PUSH PRICES UP—THE GRADES AFFECTED—NO. 1 AND NO. 2 DRY AND WATER FINISHED FIBER AND BUTCHERS' MANILA INCREASED IN VALUE.

[By telegraph to The Paper Mill.]

CHICAGO, August 1, 1907.

The western mills have advanced dry and water finished fiber paper and Nos. 1 and 2 butchers' manilas 20 cents a hundredweight, the higher schedule being effective at once.

F.

Mr. NORRIS. Also a statement in The Paper Mill of August 24, 1907, wherein it sets forth that the eastern manila manufacturers advance prices \$4 a ton to make figures uniform with those in the West.

The article follows:

PRICES ADVANCED—EASTERN MANILA MANUFACTURERS ADVANCE PRICES \$4 A TON TO MAKE FIGURES UNIFORM WITH THOSE IN THE WEST.

At a meeting of the wrapping and manila paper manufacturers held in New York this week it was decided to advance manila grades \$4 a ton in order to equalize prices with those now prevailing in the West, the western prices having been temporarily above those of the East. These new prices are effective at once.

Bag papers were not advanced, and the prices fixed as of July 1 remain unchanged.

Mr. NORRIS. It is not necessary to give the data relating to the fiber and manila associations contained in the letter of Mr. Ridder to the Attorney-General, which was extremely detailed and labored—

The CHAIRMAN. No; that is in the record.

Mr. NORRIS. I merely refer to it in connection with this matter.

Mr. STAFFORD. Can you state generally in what part of the country the manila and fiber paper is made?

Mr. NORRIS. I understand it is made East and West.

Mr. STAFFORD. As to the proportion of output, whether the East manufactures a great deal more than the West?

Mr. NORRIS. I have never had any reason for looking into manila and fiber except in so far as this paper raise directed attention to the actions of that combination and the possible effect of that combination and its increase in prices upon news-print paper mills, because there were in that organization ten or twelve mills which under ordinary conditions, with a large demand for news, would ordinarily make news-print paper, and to that extent relieve the tension on other news mills. That was incidentally touched upon this morning in the letter from Mr. Scrimgeour.

The CHAIRMAN. What is the meaning of that term, manila and fiber?

Mr. NORRIS. Wrapping paper. I am very raw on that subject.

The CHAIRMAN. You are not very much of an expert on that?

Mr. NORRIS. I do not profess to be an expert on anything.

The CHAIRMAN. Well, I would not agree with you about that.

Mr. NORRIS. That is very kind of you.

The CHAIRMAN. I do not know anything about it. I just wondered whether the fiber had anything to do with the name of the product or whether the name—

Mr. NORRIS. My understanding is that it is wrapping paper made from fiber; and the manila paper is wrapping paper made from manila.

Mr. MILLER. Is it true that the Department of Justice is inquiring into that combination?

Mr. NORRIS. It is, in New York; and it has the record of the proceedings of nine meetings of that organization, and it has called for the books of the various companies which participated in those meetings.

Mr. MILLER. That is the Federal grand jury?

Mr. NORRIS. That is the Federal grand jury.

The CHAIRMAN. I understood you to say you were going to lay those records before us; does that come later?

Mr. NORRIS. The records of the—

The CHAIRMAN. Manila and Fiber Association; these nine meetings?

Mr. NORRIS. I would not like at this time—

The CHAIRMAN. We do not wish to interfere with the proceedings over there, if that is what you have reference to.

Mr. NORRIS. I mean I have an impression that the gentlemen who are being investigated are extremely anxious to ascertain the character of the information which has been lodged with the Federal grand jury, and I do not care to—and I assume that the committee would not want to—do anything which would in any manner affect that.

I also submit a letter sent to the paper committee from Houston, Tex., quoting a letter of January 8, 1908, as follows, purporting to be from a mill in the fiber and manila combination—when I say fiber and manila combination I should revise that statement; from a mill in a combine, I am not certain whether it is that combination or some other combination. The matter referred to is as follows [reads]:

We will protect your shipments against decline of western mills for sixty days. In this connection we beg to state that you need have no hesitancy in placing business with us, as up to the present time approximately 15,000 tons of paper have been taken out of the western market, and this curtailing of production will continue whenever necessary.

Mr. STAFFORD. Who is that from?

Mr. NORRIS. Magnolia Paper Company, Houston, Tex.

The CHAIRMAN. Who did they speak for, anybody except themselves?

Mr. NORRIS. I do not know; we simply have it. I also submit a copy of the trade customs, adopted by the book-paper makers, printed in The Editor and Publisher, November 17, 1906, purporting to give the regulations—these are merely valuable in establishing uniformity among all book and paper houses in providing for discounts and charges and merely incidents in a general understanding or agreement among manufacturers.

The article referred to follows:

The list of rules issued by the manufacturers for the guidance of prospective buyers, and dated November 13 last, is as follows:

To the Trade:

The following "Trade Customs," going into effect to-day, are respectfully called to your attention:

1. Terms of all sales shall be on a basis of cash in thirty days, less 3 per cent.
2. Minimum basis of weight for standard papers shall be as follows: Machine finished 24 by 38—40 pounds to 500 sheets; super calendered 24 by 38—45 pounds to 500 sheets; for lighter weight papers an additional charge to be made according to weight, as follows:

On machine-finished paper for each pound cut below 24 by 38—40 pounds to 500 sheets, to and including 24 by 38—30 pounds to 500 sheets, 5 cents per 100 pounds additional.

For each pound cut below 24 by 38—30 pounds to 500 sheets, 10 cents per 100 pounds additional.

On super calendered paper for each pound cut below 24 by 38—45 pounds to 500 sheets, to and including 24 by 38—35 pounds to 500 sheets, 5 cents per 100 pounds additional.

For each pound cut below 24 by 38—35 pounds to 500 sheets, 10 cents per 100 pounds additional.

3. In all cases, on both sheet and roll orders, wrappers and twine shall be charged at the price of the paper.

4. Rolls shall be charged at the gross weight, including cores.

5. No printed waste shall be returned and no paper taken back unless damaged before delivery; and in case customer desires to make claim for damaged paper same must be reported immediately to the manufacturer, in order that the paper may be inspected before it has been printed.

6. In billing paper no allowance shall be made for waste.

7. Manufacturers shall bear the cost of freight on cores, heads, and rods returned.

8. When cores are returned no allowance shall be made for paper remaining on same except that allowance may be made for clean white waste at market price for such waste.

9. Customers shall be credited with the net weight of cores returned, stripped, at the full selling price of the paper.

10. The average variation in the nominal weight shall not exceed 4 per cent above or below the ordered weight, paper within this range to constitute a good delivery.

11. Paper shall be billed at the ordered weight, no allowance to be made by manufacturer unless variation is in excess of 4 per cent.

12. No paper shall be made one weight and stenciled another.

13. Paper must be marked by the manufacturer the ream weight ordered, and there shall be no evasion by substituting letters or symbols for figures.

14. The base selling price shall be for paper put up in rolls without heads and rods, and sheet paper put up in bundles soft sold.

15. For paper finished in any manner except as specified in Article 14, additional charges shall be made as follows:

If finished flat in skeleton frames, not less than 10 cents per 100 pounds shall be added to the base selling price.

If finished in solid board frames top and bottom, or in cases, not less than 20 cents per 100 pounds shall be added to the base selling price.

16. Case linings shall be charged at the selling price of the paper.

17. For trimming sheets on one or two sides a charge of not less than 10 cents per 100 pounds shall be added to the base selling price.

18. For ream wrapping an additional charge of not less than 10 cents per 100 pounds shall be added to the base selling price.

Mr. NORRIS. Also a statement of the Paper Trade Journal of March 28, 1907, purporting to give the details of another proposed advance in prices, stating that "The manufacturers, it is reported, will make one April 1—At the recent meeting held in Chicago it is said that a further advance of 10 cents per hundred was decided on—To change trade customs."

The article in full is as follows:

ANOTHER BOOK ADVANCE?—THE MANUFACTURERS, IT IS REPORTED, WILL MAKE ONE APRIL 1—AT THE RECENT MEETING HELD IN CHICAGO IT IS SAID THAT A FURTHER ADVANCE OF 10 CENTS PER HUNDRED WAS DECIDED ON—TO CHANGE TRADE CUSTOMS.

It was reported this week that the book-paper manufacturers would announce another advance of about 10 cents a hundred on all grades of book paper, to become effective about April 1. In addition to the advance, several new clauses are to be added to the recently adopted "Trade customs." Just what these clauses will apply to could not be learned. It is also said that there will be some change in the present system of quoting prices to dealers. In regard to the prices to dealers, it is stated that there will be one price on orders to be delivered direct to the dealer and another on all orders which are to be shipped direct to the consumer. In connection

with these proposed changes it is reported that the manufacturers, at their meeting in Chicago several weeks ago, practically decided upon the new regulations, which will become operative in conjunction with the advance in prices.

Mr. NORRIS. Also a dispatch from the Paper Mill of October 5, 1907, stating, "Book paper—It is advanced 15 cents a hundred—Meeting of mill men—Eastern and western figures equalized—The western plants advance figures 25 cents a hundred."

The full article follows:

BOOK PAPER—IT IS ADVANCED 15 CENTS A HUNDRED—MEETING OF MILL MEN—EASTERN AND WESTERN FIGURES EQUALIZED—THE WESTERN PLANTS ADVANCE FIGURES 25 CENTS A HUNDRED.

Book-paper manufacturers held a meeting in New York on Monday of this week, both eastern and western plants being represented.

During the week the notices were distributed to the trade by various mills, which announced an advance of 15 cents per hundred on all grades of book by eastern mills and 25 cents by western mills. The advance took effect on Tuesday and was not unexpected, and it was generally thought that the increase would be from 15 cents per hundred to one-fourth cent.

Mr. NORRIS. Also a report which I ask to be printed in full, from The Paper Mill, of June 1, 1907, giving a report of a meeting of book-paper manufacturers at Atlantic City, wherein it refers to "the aim of these meetings." "The aim of these meetings is to give careful consideration to all these questions, and to determine what policies and economies may be adopted for the general good."

The full article follows:

BOOK MEETING—THE MANUFACTURERS HOLD A CONFERENCE AT ATLANTIC CITY—SOME OF THE TOPICS DISCUSSED.

The members of the book division of the American Pulp and Paper Association held a meeting at Atlantic City on the 24th instant, at which a large majority of the mills making book paper were represented. The place of meeting was selected in keeping with the purpose of those interested to combine pleasure with their business efforts.

These conferences have steadily grown in interest since their inception. Many who at first paid them little or no attention are now manifesting deep concern, since it has been demonstrated that they are capable of effecting much good. A free interchange of views and recital of experiences in relation to the problem involved in the industry has proven exceedingly helpful. The supply of wood and other raw materials, the mutual relations of the manufacturer and his employees, and the distribution of products through the dealer and by direct negotiation with the consumer, have all proven to be fruitful themes of discussion.

The members express gratification on account of the good results already apparent from the adoption of trade customs, whereby the business of the trade may be now conducted on a definite and uniform basis. These customs have minimized the possibility of misunderstandings and contentions so that manufacturer, dealer, and consumer are alike pleased with the smooth and orderly methods of business which now prevail.

An advance in the price of paper has been enforced by the steady increase in the cost of wood and other raw materials, the cost of construction and maintenance, the cost of labor and of freight charges. So marked has this increase been that even at the advanced price at which paper is now selling it is doubtful, indeed, whether the net returns exceed or even equal what they were formerly. These conditions are so well-known and the necessity for the advance in price so apparent that the action of the individual manufacturer in making such advance has provoked little criticism.

Practically all the mills engaged in manufacturing book paper are operated on the two-tour system, and, although there has been some agitation among employees in certain localities looking to the adoption of the three-tour plan, the change is looked upon with little favor. The operators claim that for the present at least it is not practicable; first, because the existing conditions of the trade could not stand the materially increased expense, and, second, because it is already difficult to procure sufficient

labor to keep the mills running. That being the case, an increase of 50 per cent in the number of men required would prove disastrous, it is said. The manufacturers contend that it is much better for the men themselves, inasmuch as a distribution of the wages paid among a greatly increased number of workmen would in the end necessarily involve a reduction in the per capita receipts.

The aim of these meetings is to give careful consideration to all these questions and to determine what policies and economies may be adopted for the general good.

Mr. NORRIS. Also a publication in the Paper Trade Journal of October 10, 1907, "Book advanced again—The prices raised 25 cents in the West and 15 cents in the East—The increasing cost of all their raw materials has again forced the manufacturers to withdraw their quotations—The dealers naturally see no warrant for the advance."

The full article follows:

BOOK ADVANCED AGAIN—THE PRICES RAISED 25 CENTS IN THE WEST AND 15 CENTS IN THE EAST—THE INCREASING COST OF ALL THEIR RAW MATERIALS HAS AGAIN FORCED THE MANUFACTURERS TO WITHDRAW THEIR QUOTATIONS—THE DEALERS NATURALLY SEE NO WARRANT FOR THE ADVANCE.

As a result of a meeting of the book-paper manufacturers in New York on Monday of last week prices were again advanced 15 cents in the East and 25 cents in the West. The new prices went into effect on the following day.

The old policy of sending out trade notices giving the new list prices has been practically abolished, except to a few select ones in the trade. "It might be possible for the mills to quote inside prices to these select ones" said a jobber, "because of the fact that only a few members of the trade receive them, and another thing, it is an exceedingly difficult matter to ascertain who has got them, although it is generally known that such lists are in existence." The present plan being followed by the manufacturers who attend the various meetings which are held from time to time is to notify their customers that prices on file are withdrawn and that new ones will be quoted on application.

At the present time trade conditions in the eastern market present some very interesting features, which are being watched very closely by the jobbing trade. The methods of getting business that are resorted to by a few of the big companies in the East, and one in particular, reveal the practices which are being pursued, presumably to exterminate the dealer. The company already referred to has been a keen exponent of these new business principles. The method of operation, while not an entirely new one, has been invariably effective in corraling consumers' orders which might otherwise have found their way into regular jobbing channels.

This company seems peculiarly adapted to getting business in the new way because it is in a position to offer the proper inducements. The plan, as outlined, is to offer the consumer who uses coated paper the privilege of buying it at practically cost price, providing he places his orders for book paper with the manufacturer direct. A good deal of the trade in book paper which has heretofore gone to the dealers has been secured in that way.

The existence of the jobber is apparently no longer necessary in the opinion of the manufacturers, except to handle the picayune orders which can not be handled profitably, and even this insignificant portion of the business has not escaped certain of the eastern mills, according to the statements of some of the jobbers. There are still, however, a few of the western mills that do not follow the methods of the other mills, as they continue their old policy of dealing strictly with the jobbing trade, and in this they have been uniformly successful, especially in the eastern market.

Mr. STAFFORD. Can't you state from the data you have before you as to the percentage of increase of price of book paper during the past year?

Mr. NORRIS. I can not.

Mr. STAFFORD. You can not say whether it is a greater percentage than that for the news-print paper?

Mr. NORRIS. My impression is that it was about \$12 per ton increase.

Mr. STAFFORD. You would have to know the price per ton to estimate the percentage?

Mr. NORRIS. Oh, yes; and I say I do not know what that was; there are so many varying qualities of book paper that that would be a difficult question. My impression was that there was a general or uniform advance of about \$12 a ton—\$10 or \$12.

Mr. STAFFORD. Of course the price of book paper per ton is much greater than that of news paper.

Mr. NORRIS. Oh, yes.

Mr. STAFFORD. So the percentage would be much less?

Mr. NORRIS. The percentage of the raise would not be as great as that in the news-print paper.

Mr. STAFFORD. That is what I was trying to arrive at.

Mr. NORRIS. Also a report printed in the Paper Trade Journal of February 27, 1908, wherein it says, "The mill owners said to be again considering the project" of a book combine, which is interesting at this time because of this statement. [Reads:]

The formation last year of a trade association which includes all the big companies manufacturing book paper in the eastern part of the United States and a few in the West has no doubt been mutually beneficial. While the association idea has been a pretty good one for most of the members, it nevertheless has its disadvantages and shortcomings like any other association organized along similar lines. Some of the smaller mills, it is reported, have had reason to complain of certain actions of the larger ones, but as a whole the manufacturers have been able to work in harmony and maintained friendly relations despite the reported internal dissensions.

The full article follows:

A BOOK COMBINE—THE MILL OWNERS SAID TO BE AGAIN CONSIDERING THE PROJECT—THE MANUFACTURERS OF BOOK PAPER HAVE, ACCORDING TO REPORTS, HELD A NUMBER OF MEETINGS OF LATE, AT WHICH A PLAN OF CONSOLIDATING THEIR PLANTS HAS BEEN DISCUSSED.

The information has leaked out that at recent conferences of certain of the book paper manufacturers in the East plans were discussed for merging all the largest book paper mills in the country into one big company.

Interests which are closely identified with the book paper branch of the industry say that most of the eastern manufacturers believe that the time is ripe for a general consolidation of the mills manufacturing book paper. It is further stated that nearly all the manufacturers in the East have expressed themselves as being favorable to the proposition, and it is claimed that most of them are prepared to go into any legitimate combination.

The close connection between some of the eastern mills has been commented upon in the trade for some months past. Whether this has any special significance now that the talk of consolidation has come to the surface is not generally known. Details in regard to the proposed plan for consolidating the mills are lacking, but in quarters which are supposed to be in touch with the doings of the manufacturers it is said that vigorous efforts are being made to put the scheme into tangible form as rapidly as the minor details can be worked out. On more than one occasion in past years the question of combining the book mills of the country under one head has been seriously considered, but a hitch somewhere in the negotiations has always interfered with the ultimate success of the plan.

The formation last year of a trade association which includes all the big companies manufacturing book paper in the eastern part of the United States and a few in the West has no doubt been mutually beneficial. While the association idea has been a pretty good one for most of the members, it nevertheless has its disadvantages and shortcomings like any other association organized along similar lines. Some of the smaller mills, it is reported, have had reason to complain of certain actions of the larger ones, but as a whole the manufacturers have been able to work in harmony and maintain friendly relations despite the reported internal dissensions.

Business with most of the mills, and particularly those in the East, has been dull, and the prospects of meeting a heavy competition from a large outside mill located

in the Middle West, it is asserted, has hastened the formulating of the plans for the giant merger. Efforts may also be made to include the mill referred to in the consolidation.

Just what sort of an arrangement has been devised for absorbing the various plants can not be ascertained for the present, but it is the opinion of some members of the trade that the mills to be taken over will be appraised by disinterested parties, and payment made in part cash and the rest in stock of the new company. The new combine when completed will probably control 95 per cent of the output of book paper made in this country.

Before the recent panic the promoters of the scheme are reported to have been quite active among the western mills in an attempt to secure their approval of the plan, but since that time the whole matter has been held in abeyance. Now that the financial skies have cleared again those interested in the new project are said to be making renewed efforts to bring about the combination. The progress being made has been followed closely in certain book trade circles, and considerable interest is manifested in regard to the final outcome of the proposed deal. The manufacturers, however, disclaim any knowledge of a proposition to merge the mills.

The CHAIRMAN. Are you able to tell us something about the comparative use of news-print paper and book-print paper?

Mr. NORRIS. As to output?

The CHAIRMAN. No; by the magazines, etc.

Mr. NORRIS. Well, practically, I should say that none of the magazines—that is, the large, successful publications, the popular magazines, those which are not technical—that I know of use news-print paper. They use machine-finished and supercalendered paper, and some of them coated paper, varying in price and quality.

The CHAIRMAN. What is usually called book paper?

Mr. NORRIS. What is called usually book paper.

Mr. STAFFORD. Book paper is also the term used for the special grade that is used exclusively in the manufacture of blank books?

Mr. NORRIS. I am not posted on that branch of the business, but I understand that is writing; but I am not certain.

Also a publication in the Paper Trade Journal of April 16, 1908, purporting to give an outline of "Amendments to book trade customs. Additions made covering the percentage to be allowed for wrappers and twine and short weights. An extra charge to be made for colors other than white or natural."

The full article follows:

AMENDMENTS TO BOOK TRADE CUSTOMS—ADDITIONS MADE COVERING THE PERCENTAGE TO BE ALLOWED FOR WRAPPERS AND TWINE AND SHORT WEIGHTS—AN EXTRA CHARGE TO BE MADE FOR COLORS OTHER THAN WHITE OR NATURAL.

Some revisions have been made in the trade customs of the book-paper manufacturer covering certain objectionable features raised by dealers in book paper at the annual meeting of the National Paper Trade Association held last February. Copies of the revised customs have been sent out to the trade.

The dealers at their annual meeting opposed the excessive charge for wrappers and twine. One prominent western jobber, in discussing the question, said: "We expect to pay for book paper, not wrappers and twine." Now the manufacturers have revised this so that the weight of wrappers and twine is not to exceed 3 per cent of the weight billed.

The question of how large a percentage should be allowed for short weight has been settled by billing all paper at the ordered weight unless the shortage exceeds 2½ per cent; in such event it shall be billed at actual scale weight.

Several new clauses have also been added, one of which states that on all paper other than white or natural the extra cost will be included, estimated at not less than 25 cents per 100 pounds, to be added to the base selling price. The other refers to the overruns or underruns, which will range from 15 per cent on less than 2 tons to 3 per cent on 20 tons and upward.

Now that most of the eastern mills are selling direct to the consumer, the manufacturers have not as yet complied with the request of the jobbers for a differential, which

the latter have been seeking for some time in an effort to ascertain what business they were entitled to. At the annual meeting of the dealers 20 tons or less was advocated as being a reasonable tonnage for the jobber, but it is said the mills fix the amount at 5 tons or less. However, no official announcement has been forthcoming from the manufacturers in regard to the matter.

The revised trade customs of the manufacturers follow:

Trade customs as adopted by the American Pulp and Paper Association—Book-paper division.

1. Terms of all sales to be on a basis of cash in thirty days, less 3 per cent.
2. Minimum basis of weight for standard papers to be as follows:
Machine finished 25 by 38—40 pounds to 500 sheets.
Supercalendered 25 by 38—45 pounds to 500 sheets.
For lighter weight papers the extra cost of manufacture to be added according to weight, estimated as follows:
On machine-finished paper, for each pound cut below 25 by 38—40 pounds to 500 sheets, to and including 25 by 38—30 pounds to 500 sheets, 5 cents per 100 pounds additional.
For each pound cut below 25 by 38—30 pounds to 500 sheets, 10 cents per 100 pounds additional.
On supercalendered paper, for each pound cut below 25 by 38—45 pounds to 500 sheets, to and including 25 by 38—35 pounds to 500 sheets, 5 cents per 100 pounds additional.
For each pound below 25 by 38—35 pounds to 500 sheets, 10 cents per 100 pounds additional.
3. In all cases, on both sheet and roll orders, wrappers and twines to be charged at the price of the paper, the weight of the wrappers and twine not to exceed 3 per cent of the weight billed.
4. Rolls to be charged at the gross weight, including cores and wrappers.
5. Customers to be credited with the net weight of cores returned, stripped, at the full selling price of the paper.
6. No printed waste to be returned and no paper taken back unless damaged before delivery, and in case customer desires to make claim for damaged paper same must be reported immediately to the manufacturer, in order that the paper may be inspected before it has been printed.
7. In billing paper no allowance to be made for waste.
8. Manufacturers to bear the cost of freight on cores, heads and rods returned.
9. When cores are returned no allowance to be made for paper remaining on same, except that allowance may be made for clean white waste at market price for such waste.
10. The average variation in the nominal weight not to exceed 4 per cent above or below the ordered weight, paper within this range to constitute a good delivery.
11. Paper shall be billed at the ordered weight unless shortage is in excess of 2½ per cent, in which case it shall be billed at actual scale weight.
12. No paper shall be made one weight and stenciled another.
13. Paper shall be marked by the manufacturer the ream weight ordered, and there shall be no evasion by substituting letters or symbols for figures.
14. The base selling price shall be for paper put up in rolls without heads and rods, and sheet paper put up in bundles soft fold.
15. For paper finished in any manner except as specified in article 14, additional cost thereof shall be added, estimated as follows:
If finished flat in skeleton frames, not less than 10 cents per 100 pounds shall be added to the base selling price.
If finished in solid board frames top and bottom, or in cases, not less than 20 cents per 100 pounds shall be added to the base selling price.
16. Case linings shall be charged at the selling price of the paper.
17. For trimming paper the cost thereof, estimated at not less than 10 cents per 100 pounds, shall be added to the base selling price.
18. For ream wrapping the cost thereof, estimated at not less than 10 cents per 100 pounds, shall be added to the base selling price.
19. For all paper of any shade other than white or natural, the extra cost thereof, estimated at not less than 25 cents per 100 pounds, shall be added to the base selling price.

20. Orders shall be accepted subject to overruns or underruns as follows:

Under 2 tons, 15 per cent; from 2 to 5 tons, 10 per cent; from 5 to 20 tons, 5 per cent; from 20 tons upward, 3 per cent.

Mr. NORRIS. Also a dispatch printed in the New York World, January 29, 1908, purporting to give the story of alleged collusion of paper makers in the tender of bids to the United States Government, referring especially to book paper. [Reads:]

It became known yesterday that several of the prominent book, magazine, and periodical publishers of the country are about to submit to Attorney-General Bonaparte, for such action as he may care to take in the matter, what they believe to be conclusive evidence of an agreement or understanding between a large number of book-paper manufacturers, many of whom bid last week for the contract of supplying the Government with book paper for the coming year.

Figures in the recent bidding for Government supplies, as published in the supplement of the Paper Trade Journal on January 23, are the basis for their belief that collusion exists between certain manufacturers. There were 18 bidders for class A and B paper. Two—evidently independent bidders—were a great deal lower than the remaining 16, the low bids of the latter in nearly every instance being identical. The saving to the Government, based on the prices submitted by the independent bidders, will total upward of \$30,000 on about 6,000 tons, the Government's estimate of the amount required.

The following figures, taken from the Paper Trade Journal supplement, show the wide disparity between the bids:

"Class A, machine finish book paper, in cases, lots 1, 2, 3, and 4, inclusive, showed 'low' bid of \$4.10 per hundred pounds quoted by five manufacturers. The two independent bidders quoted \$3.75 and \$3.80 on these lots.

"Class A, machine finish book paper, in rolls, lots 5 to 24, inclusive, showed a 'low' bid of \$3.90 per hundred pounds on the part of seven of these manufacturers. The two independent bidders on these lots ranged from \$3.60 to \$3.70.

"Class A, machine finish, book paper, lots 25 to 31, inclusive, showed the same comparison as lots 1 to 4.

"Class B, supercalendered book paper in cases, lots 32 to 44, inclusive, showed a 'low' bid of \$4.35 per hundred pounds on the part of ten manufacturers. The two independent bidders ranged on these lots from \$3.90 to \$4."

I also have a memorandum without date, headed "Eastern book men confer." [Reads:]

A number of the book-paper manufacturers having headquarters in New York held a conference at the Arkwright Club in that city on Thursday of last week. Nothing officially could be learned regarding the meeting, but in certain quarters it was suggested that the manufacturers may have been discussing ways and means for meeting the new competition from the Middle West.

I also submit the trade customs formulations which the coated men are reported to have adopted, and printed in the Paper Trade Journal of April 16, 1908.

The full article follows.

COATED MEN ADOPT TRADE CUSTOMS—THE SURFACE COATED PAPER MEN HAVE ADOPTED A SET OF TRADE CUSTOMS IN ORDER TO PLACE THEIR PRODUCTS ON A UNIFORM BASIS AS REGARDS SIZES, WEIGHTS, TERMS, ETC.

In order to secure uniformity of product and to standardize the manufacture of coated book, lithograph, and label papers, the manufacturers who are members of the National Association of Surface Coated Paper and Board Manufacturers, have adopted trade customs.

Heretofore numerous difficulties were encountered by all the manufacturers in their dealings with the trade, because the individual systems of marketing followed by each of them resulted in all sorts of complaints when paper was ordered from different mills.

The trade has been supplied with copies of the new trade customs, and orders in future will be subject to the regulations contained therein. The customs are composed of sixteen clauses, covering all phases of the selling branch of the business, and should create more harmonious relations between the buyer and manufacturer.

A copy of the newly-adopted trade customs follows:

NATIONAL ASSOCIATION OF SURFACE COATED PAPER AND BOARD MANUFACTURERS.

Trade customs as adopted by the coated book, lithograph, and label papers division.

1. Terms of all sales to be on a basis of cash in thirty days from date of shipment leaving the mill, less 3 per cent discount.

2. Minimum basis of weight for coated book (coated two sides) to be 25 by 38—60 pounds to 500 sheets.

For lighter weight the extra cost of manufacture to be added according to weight, estimated as follows: For each pound cut below 25 by 38—60 pounds to 500 sheets to and including 25 by 38—50 pounds to 500 sheets 10 cents per 100 pounds additional.

3. Minimum basis of weight for coated lithograph and label (coated one side) to be 25 by 38—54 pounds to 500 sheets.

For lighter weight the extra cost of manufacture to be added according to the weight, estimated as follows: For each pound cut below 25 by 38—54 pounds to 500 sheets 10 cents 100 pounds additional.

4. The basis for coated manila papers to be the same as paragraph 3.

5. No claims allowed after paper is cut, printed, or lithographed.

6. Orders shall be accepted subject to the overruns or underruns as follows:

	Per cent.
Under 2 tons.....	15
From 2 to 5 tons.....	10
From 5 to 20 tons.....	5
From 20 tons upward.....	3

7. No paper or private labels or brands to be supplied for sampling purposes, nor allowances made on account of advertising such trade-marks or brands.

8. Paper shall be billed at the ordered weight unless shortage is in excess of 2½ per cent, in which case it shall be billed at actual scale weight.

9. In all cases of both sheet and roll orders case linings, wrappers, and twine to be charged at the price of the paper. The weight of same not to exceed 3 per cent of the weight billed.

10. All goods to be billed when ready or at accepted date for shipment, and to be settled for at the usual time whether ordered shipped or not.

11. No printed waste to be returned, and no paper taken back unless damaged before delivery; and in case customer desires to make claim for damaged paper, same must be reported immediately to the manufacturer, in order that the paper may be inspected before it has been printed or cut.

12. The average variation in the nominal weight not to exceed 5 per cent above or below the ordered weight. Paper within this range to constitute a good delivery.

13. No paper to be made one weight and stenciled another.

14. Cases to be marked by the manufacturer the real weight ordered, and there shall be no evasion by substituting letters or symbols for figures.

15. No orders accepted for less than one ton of a color of any special size or weight.

16. For all paper of any shade other than white or light natural the extra cost thereof, estimated at not less than 50 cents per 100 pounds, shall be added to the base selling price (coated one side or coated two sides).

The CHAIRMAN. Mr. Norris, you have heard the bell. We have missed one of the useless roll calls, but I think we will have to go over.

Mr. WALKER. Before the committee adjourns I should like to inquire when the paper people are expected to be called upon?

The CHAIRMAN. When we get to them. I can not say anything more than that.

Mr. WALKER. Can it be foreseen?

The CHAIRMAN. I do not see how it can be.

Mr. WALKER. Perhaps Mr. Norris can prophesy.

The CHAIRMAN. I do not think he could.

Mr. NORRIS. Mr. Norris does not know the minds of the committee-men; he is unable to fathom them.

The CHAIRMAN. Before we adjourn I should like to say this: Mr. McCormick, who, I believe, is the chairman of the Publishers' Asso-

ciation Committee, informed me a few days ago that he had telegraphed word for about thirty publishers to be present to testify to-day. If there be any here now, we would like to know it so we can accommodate them in the morning.

Mr. JOHN C. EASTMAN, of the Chicago Daily Journal: I suppose that remark is directed to me?

The CHAIRMAN. It is directed to anyone who is here.

Mr. EASTMAN. I came on in response to telegrams from Mr. Ridder.

The CHAIRMAN. Mr. McCormick sent out about thirty.

Mr. EASTMAN. So far as I am concerned, I am perfectly willing to rest my case with Mr. Norris. I think he has more information on the subject than almost any other publisher in the country. I want to——

The CHAIRMAN. Mr. Eastman, the committee is not willing to rest the case upon Mr. Norris.

Mr. EASTMAN. I have not been subpoenaed by the committee, Mr. Mann.

The CHAIRMAN. I understand. The committee will insist upon having first-hand testimony from some of the publishers as to prices, etc., undoubtedly.

Mr. EASTMAN. I will give you my testimony right now, if you want it.

The CHAIRMAN. We can not stop to take testimony now.

Thereupon, at 4.20 o'clock p. m., the committee adjourned until 10 o'clock to-morrow morning.

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,

Friday, May 1, 1908.

The committee was called to order at 10.15 a. m., Hon. James R. Mann in the chair.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. Mr. Norris, do you know whether any of the publishers have appeared in the city for examination, in response to Mr. McCormick's invitation?

Mr. NORRIS. Mr. Medill McCormick expected to be here at 10 o'clock and is on his way to appear before the committee to testify. I received a telegram from Mr. Ridder this morning saying that he had been detained by the Catholic centenary celebration in New York City.

The CHAIRMAN. So far as Mr. Ridder is concerned, we will not need to interrupt you.

Mr. NORRIS. Not at all; Mr. Ridder simply wanted to say that he was ready to appear voluntarily whenever the committee indicated a time.

The CHAIRMAN. But I wondered whether any of the other publishers were in the city.

Mr. NORRIS. I have not seen any of the others, and do not know.

The CHAIRMAN. You may proceed, then.

Mr. NORRIS. May I refer to a remark of the chairman yesterday with respect to the statement of the Attorney-General, wherein he spoke of a witness, and the chairman assumed that that meant the name of no witness, or that no name had been submitted to the Attorney-General?

The CHAIRMAN. The chairman certainly did assume that. I did not suppose there was any question about that.

Mr. NORRIS. There is a very material question about it. The fact is that we submitted to the Attorney-General the names of 36 persons who had knowledge of the matters, of which 18 were participants in the pool in various ways and 18 of them were brokers or jobbers who had been denied quotations by it or by its members.

The CHAIRMAN. Were those willing witnesses?

Mr. NORRIS. These were not willing witnesses; these were the names which had been submitted by Mr. Ridder to the Attorney-General; and I have here, and will submit to the committee, the data which was turned over to the Attorney-General, and upon which subsequently his Department has acted as it could have acted four months previous to the time it did act, and could have uncovered that which it is now uncovering.

The CHAIRMAN. Now, let us understand about that. The Attorney-General, in response to a resolution of the House, made certain statements apparently indicating that the name of no witness had been given to him.

Mr. NORRIS. Have you a copy of that particular passage?

The CHAIRMAN. This is what he says in one place:

Up to the present time no evidence has been obtained by the officers of this Department sufficient to justify the institution of legal proceedings, either civil or criminal, against any alleged combination of wood-pulp or print-paper manufacturers; the information obtained, however, justifies further investigation of the facts, and such investigation is in progress.

And in another place he says:

It is proper for me to say in this connection that certain alleged facts were submitted to this Department when the above-mentioned investigation was commenced, which apparently authorized the belief that serious and readily proven offenses against the laws of the United States had been committed in the premises, and immediate action by the appropriate officer was thereupon promptly ordered; but these orders disclosed that no legal proof could be secured of the alleged offenses, the evidence relied upon to establish them turning out to be merely hearsay, and the complainant himself, who had furnished this information, refusing to give the name of a witness supposed to have personal knowledge of the said facts.

I am frank to say that I supposed, of course, that meant that no witness's name had been given who would give information, at least in advance, in respect to these facts, and if that is not the meaning of the letter, it seems to me it is not very frank with the House.

Mr. NORRIS. Well, I submit to the committee—I would prefer that it be not yet printed or put upon the record and I pledge the committee that I will furnish to it this, or a certified copy, of the document which was sent—one of the papers—to the Attorney-General, and I will invite the committee to determine for itself whether the names of any witnesses were furnished to the Department—

Mr. SIMS. Also when furnished. Does that statement show when they were furnished?

Mr. NORRIS. It was furnished in time.

The CHAIRMAN. Prior to the date of the passage of this resolution?

Mr. NORRIS. Long prior, months prior. The fact is that that letter to the Attorney-General was not printed, was not published, until long after the Department had been placed in possession of that information; and that letter was published to put a fire under a balking mule. And I want to state further that all of the testimony which has been submitted and is to be submitted by the publishers at the hearing, such as it has, was submitted to the officers of the Department of Justice four or five months ago, in October, 1907.

The CHAIRMAN. You do not mean, I assume, that all of the testimony you are submitting to the committee was submitted to the Attorney-General last October?

Mr. NORRIS. I do.

The CHAIRMAN. Because much of it has occurred since that time.

Mr. NORRIS. What much? All of these codified answers of newspapers were submitted to him immediately, handed by me to a representative of the Department, these clippings, these stories; they were personally handed by me to the Department. The fact is that the papers which I have submitted here I obtained recently from the Department. The day before I started down here I obtained them

from the Department, the second copy of those answers which I had furnished to the Department, having been unable, apparently, to make any impression with our efforts in that direction.

The CHAIRMAN. Well, practically, then, all of the testimony that you are giving now, which was in existence at the time of last October, was submitted to the Department of Justice?

Mr. NORRIS. Yes, turned over in bulk, and I doubt if it was read [handing document to the chairman].

The CHAIRMAN. You think that this ought not to be printed at present?

Mr. NORRIS. At present. I would like to make a copy, and return the original to the committee.

The CHAIRMAN. We can have a copy printed.

Mr. NORRIS. I understand that there is quite a premium on this character of information since certain gentlemen have gone to Europe.

Yesterday morning the chairman submitted some resolutions from a labor union. May I also submit some resolutions from a labor union representing 100,000 patrons?

The CHAIRMAN. The chairman submitted the resolution yesterday morning from a labor union merely for the purpose of calling attention to the fact that these people wished to testify and be heard, not for any information that it might contain.

Mr. NORRIS. I simply wanted to bring out the point that if that had been introduced to show the desires of an organization of workers representing 7,000, that here was a request from 100,000 laborers, and precisely the opposite of that.

The CHAIRMAN. It was not put in by me for that purpose.

Mr. NORRIS. Then it is not material.

The CHAIRMAN. The information that the chairman is putting in the record is for the guidance of the committee and other purposes along those lines, and is from persons desiring to be heard.

Mr. NORRIS. I am not certain that the committee would care to hear these representatives of 100,000 laborers.

The CHAIRMAN. Oh, we would be glad to hear them if they wish to be heard.

Mr. SIMS. Why should we not care to hear them?

The CHAIRMAN. If they know anything about this subject we should be glad to hear them.

Mr. NORRIS. All they know is with respect to a reduction which has been enforced in the number of laborers employed, workers employed, in newspaper and other printing establishments as a result of this increase in price.

The CHAIRMAN. Are the resolutions that you have from laborers employed by printing establishments?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. Then I do not see any objection to putting them in the record, although I do not think anybody's resolutions add very much information.

Mr. NORRIS. Not that they were resolutions, but merely that they stated the facts; that of this vast army a considerable number had been thrown out of employment by reason of this increase in price.

The CHAIRMAN. You can put them in the record for whatever they are worth, and so far as they are confined to something connected with one of the two industries.

Mr. NORRIS. These are compositors, pressmen, stereotypers, electrotypers, photoengravers, and bookbinders.

The CHAIRMAN. If other members of the committee do not give any greater weight to resolutions than the chairman of the committee does—

Mr. NORRIS. It is not because of the resolutions, but it is because of the statement of the facts, that vast labor interests are being affected.

Following are the resolutions referred to:

RESOLUTIONS ADOPTED BY THE JOINT CONFERENCE BOARD.

Composed of delegations representing the International Typographical Union, International Printing Pressmen's Union, International Stereotypers' and Electrotypers' Union, International Photo-Engravers' Union, and the International Brotherhood of Bookbinders:

Whereas we, the workers employed in the various departments of newspaper and commercial printing offices throughout the United States, i. e., compositors, pressmen, stereotypers and electrotypers, photo-engravers, and bookbinders, to the number of over 100,000, feel that any combination which produces an artificial scarcity of news-print paper and which unduly stimulates the price of product is an oppression that affects alike the employee as well as the employer; and

Whereas the almost prohibitive and ruinous price of such paper has curtailed to an alarming extent the number of workers employed in the printing industry, and has further acted as a preventive to the printing trades artisans from securing higher compensation for their services, to which they are justly entitled: Therefore be it

Resolved, That this joint conference board, in session at Indianapolis, Ind., December 10, 1907, submit a memorial to the President of the United States and the Congress, and appeal for the abolition of the duty on white paper, wood pulp, and the materials which are used in the manufacture thereof.

Resolved, That all local unions affiliated with our various international organizations are requested to indorse these resolutions and forward copies to their Representatives and United States Senators.

Mr. NORRIS. May I also preliminarily at this time submit copy of a letter from the Houston Chronicle, wherein it appears that the Manufacturers' Paper Company telegraphed them in December:

Your telegram duly received. All our mills so crowded absolutely impossible to ship any paper prior January 1.

Following is the letter referred to:

THE HOUSTON CHRONICLE,
Houston, Tex., December 9, 1907.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,
New York City.

DEAR SIRS: We wired a day or two ago to Judge K. B. Fullerton, of the Manufacturers' Paper Company, for quotations on a few cars of paper for immediate shipment. We did not particularly need this paper, as we have contract sufficient for our present needs, but wanted to determine the exact situation as to prices, supply, and demand.

In response to the inquiry we received the following telegram Saturday morning: "Your telegram duly received. All our mills so crowded absolutely impossible ship any paper prior January 1."

This information of course is confidential, but it will indicate to you the present attitude of some of the paper mills at this time.

Yours, truly,

THE HOUSTON CHRONICLE.

The CHAIRMAN. I wish you would refresh my recollection as to what the Manufacturers Paper Company is.

Mr. NORRIS. The Manufacturers Paper Company is a selling agency which sells about 300 tons of paper a day, mainly news-print paper, on a commission basis. It has an office in New York and another

office in Chicago. I do not know now what particular mills it represents, but I know that it has quite a considerable output.

The CHAIRMAN. Now, let us see, without going over the evidence again. The International Paper Company sells its own paper; the Great Northern Paper Company sells its own paper—

Mr. NORRIS. Oh, yes.

The CHAIRMAN. Then the H. G. Craig combine, the Manufacturers Paper Company—are the Wisconsin mills in any of these?

Mr. NORRIS. I think the Manufacturers sells for some western mills, because it has an office in Chicago; but the extent of it I do not know. Then there is the Parsons group of three mills, represented by Mr. Cowles. I think that has about 350 tons.

The CHAIRMAN. What group of mills is that?

Mr. NORRIS. That is a group of three mills up near Portland—the Lisbon Falls, the Bowdoin, and the Pejepscot.

Mr. SIMS. About what is their daily output?

Mr. NORRIS. Offhand, I would say close to 300 tons.

Mr. SIMS. They are large mills, I suppose?

Mr. NORRIS. Yes; possibly 300 is a little high, however.

The CHAIRMAN. Those figures you have in the record.

Mr. NORRIS. This would substantially cover all of our calculation of news-print paper made and sold in the East, this figure, close to 2,800 tons, which was our estimate of the total production in the East.

The CHAIRMAN. Do you think that these respective selling agents practically cover all the mills in the East?

Mr. NORRIS. That would depend upon how accurate that figure is of H. G. Craig & Co. selling 750 tons a day.

Mr. SIMS. Mr. Norris, please state which of those are selling agencies only.

Mr. NORRIS. Manufacturers and Craig; substantially 1,000 tons.

The CHAIRMAN. Who sells the paper of these mills in West Virginia?

Mr. NORRIS. The John B. Lukes Company.

The CHAIRMAN. Do they manufacture news-print paper?

Mr. NORRIS. No, not that I know of. They have their salesmen around occasionally offering high prices on book paper, but my impression is that they do not make any news. I tried one time to induce them to go into the manufacture of news, but unsuccessfully.

Mr. SIMS. They are not equipped for the manufacture of news-print paper, are they?

Mr. NORRIS. I think that a book mill could make a very fine quality of news, but I am not certain about it. These technical gentlemen can tell you more about that. It would depend entirely upon what they put in. I do not know just what machines they would have to have and how much of a mechanical plant they would have to use.

Shall I proceed with my story?

The CHAIRMAN. Yes.

Mr. NORRIS. Unless Mr. McCormick has some one here who will testify—

Mr. McCORMICK. My testimony would only occupy four or five minutes, I think.

The CHAIRMAN. Do you wish to testify, Mr. McCormick?

Mr. McCORMICK. At the end of this hearing, if Mr. Norris shall have concluded.

The CHAIRMAN. He has not concluded, but we can put you on the stand whenever you like.

Mr. McCORMICK. Very well.

STATEMENT OF MR. MEDILL McCORMICK, OF CHICAGO, ILL.

The CHAIRMAN. Please give us your name, Mr. McCormick.

Mr. McCORMICK. Medill McCormick.

The CHAIRMAN. What paper are you connected with?

Mr. McCORMICK. The Chicago Tribune.

The CHAIRMAN. Is that the only one?

Mr. McCORMICK. I have interests in other papers that I am not actually connected with.

The CHAIRMAN. What is your business?

Mr. McCORMICK. Publisher.

The CHAIRMAN. Can you tell us what price you pay for paper?

Mr. McCORMICK. Two dollars and twenty cents.

The CHAIRMAN. Since when? How long have you been paying that price?

Mr. McCORMICK. This year.

The CHAIRMAN. Since January 1?

Mr. McCORMICK. Yes; I would not be sure that that is the exact date, but it is the approximate date.

The CHAIRMAN. Who do you buy your paper from?

Mr. McCORMICK. The International Paper Company.

The CHAIRMAN. Have you a contract with them?

Mr. McCORMICK. I have.

The CHAIRMAN. Will you produce it for the committee?

Mr. McCORMICK. I can send for it.

The CHAIRMAN. You haven't it here?

Mr. McCORMICK. No; I have not.

The CHAIRMAN. Will you produce it without any further demand?

Mr. McCORMICK. If you order me to produce it, I will.

The CHAIRMAN. Of course, we have got to have it, and we do not want to bother you any more than is necessary; but of course if you do not produce it, we would have to—

Mr. McCORMICK. I feel that I am under certain obligations to the company not to produce it unless the committee demands it.

The CHAIRMAN. The committee directs you to produce it.

Mr. McCORMICK. Very well.

The CHAIRMAN. What were you paying for paper before January 1, 1908, or before the time when this contract went into effect?

Mr. McCORMICK. When I first made the contract I was paying \$1.85; that was about four years ago. The price has been advanced from time to time under that contract.

The CHAIRMAN. Did you have a five-year contract before?

Mr. McCORMICK. Yes. There were two five-year contracts, one which expired some four years ago and the one which is in force now.

The CHAIRMAN. This contract has been running four or five years?

Mr. McCORMICK. About four years.

The CHAIRMAN. The price under that contract varies in accordance with the market?

Mr. McCORMICK. Yes; subject to certain limitations.

The CHAIRMAN. Have you the previous contract, the one prior to this one?

Mr. McCORMICK. I think so.

The CHAIRMAN. Will you furnish us with that also?

Mr. McCORMICK. Yes; will copies do as well, Mr. Mann, if they are sworn to?

The CHAIRMAN. Oh, yes; if you say they are accurate copies; if you swear that you send us accurate copies, of course that is all we want.

Mr. McCORMICK. I will have them sworn to before a notary when they are sent down here.

The CHAIRMAN. You can certify to them yourself and send them down.

Mr. McCORMICK. Very well.

The CHAIRMAN. The first one of those two contracts, then, commenced about nine years ago?

Mr. McCORMICK. Yes; that contract I do not know much about.

The CHAIRMAN. Which was about 1899, was it not?

Mr. McCORMICK. That contract I did not make. That was made before I had any connection with the paper.

The CHAIRMAN. I wonder if you have the contract prior to that? You must have had one, I suppose?

Mr. McCORMICK. Yes; I think there are three on file.

The CHAIRMAN. Will you also send us a copy of that?

Mr. McCORMICK. I will send you copies of all the contracts I have got, if you so order.

The CHAIRMAN. Very well, we do.

Mr. SIMS. How much paper do you use, Mr. McCormick?

Mr. McCORMICK. About 14,000 or 15,000 tons a year, I should say.

Mr. SIMS. When does your present contract expire; in about a year, did you say?

Mr. McCORMICK. About a year from now. It may be that the tonnage is not as great at present, because with the advance in the price of paper we discontinued the return privilege, which has curtailed the tonnage very much.

Mr. SIMS. Have you been making any effort to make a contract at the expiration of this one?

Mr. McCORMICK. No; I have not.

Mr. SIMS. You have had no quotations made to you direct?

Mr. McCORMICK. Nobody has offered to sell any paper, nor have I sought to buy any paper.

Mr. SIMS. I did not know but probably you were looking out for the future.

Mr. McCORMICK. For the paper at the expiration of this contract; no, sir.

The CHAIRMAN. Are the papers that are returned to newspaper publishers of any value?

Mr. McCORMICK. They are of some value; we sell them. In Chicago we sell them to a coated board company.

The CHAIRMAN. Can they be reduced to pulp again in some way?

Mr. McCORMICK. I so understand, yes; for the purpose of making cheap cardboard.

Mr. SIMS. Is your paper a 1-cent paper?

Mr. McCORMICK. No, sir; a 2-cent paper.

Mr. STAFFORD. Was the contract prior to the present one with the International Paper Company?

Mr. McCORMICK. I think so; yes.

Mr. STAFFORD. At the time you negotiated the present contract did you have any dealings with any other producers?

Mr. McCORMICK. Yes; I made a contract with another mill. The mill was not able to supply us with paper of the proper quality and the International Company was also anxious to get us back, so the contract with the original mill, or rather with the selling agency, was canceled, and I then made this contract with the International Paper Company.

Mr. STAFFORD. Have the mills in the Wisconsin Valley ever attempted to get your business, or any of the mills in the Northwest?

Mr. McCORMICK. Well, at one time I remember Mr. Brockelbank, who I think is of the Manufacturers, came in to see me; that was some years ago.

Mr. STAFFORD. Was the price that was quoted by this company that was unable to furnish you the requisite quantity of the requisite quality located in the Northwest?

Mr. McCORMICK. No; that was a New York mill, near Watertown, N. Y.

The CHAIRMAN. Is there any reason why you should not give us the name?

Mr. McCORMICK. I can give you the name of the manager. His name is Outterson. I do not know the name of the mill.

The CHAIRMAN. One of the Outterson group of mills?

Mr. McCORMICK. Yes; and the paper was sold through Perkins, Goodwin & Co., of New York.

Mr. STAFFORD. Have you any knowledge so as to be able to testify whether the northwest mills can furnish as cheap a rate as the International Paper Company to large publishers in the Middle West?

Mr. McCORMICK. Do you mean, are they able to sell as cheaply?

Mr. STAFFORD. Yes.

Mr. McCORMICK. I know nothing about it.

Mr. STAFFORD. Are you acquainted with the prices the other large publishers in Chicago pay for their print paper?

Mr. McCORMICK. I am not absolutely informed, but I imagine I know what they are paying. It is not customary for the publishers in Chicago to say what they are paying.

Mr. STAFFORD. What prices are they paying, so far as you are informed?

Mr. McCORMICK. I think the Record-Herald and the News are paying the same price that the Tribune is paying, and that the Hearst papers are getting their product for something less than 2 cents; and that the Journal is paying something over \$2.30.

Mr. STAFFORD. Is that all?

Mr. McCORMICK. Those are all the prices of which I have any knowledge.

Mr. STAFFORD. Are these prices that you have just cited, and that which you are paying, for delivery on the sidewalk?

Mr. McCORMICK. Yes; at the press-room door.

Mr. STAFFORD. Do you know what companies are supplying these other large publishing houses?

Mr. McCORMICK. The International Paper Company is supplying the Record-Herald and the News and the Hearst papers. What mill is supplying the Journal I do not know.

The CHAIRMAN. The Journal has no contract now?

Mr. McCORMICK. No contract.

The CHAIRMAN. The other papers, I suppose, have?

Mr. McCORMICK. Are under contract.

The CHAIRMAN. Do you know whether their contracts are at present long-term contracts or short-term?

Mr. McCORMICK. I think the Record-Herald and News contracts are substantially the same in their terms as ours. I know nothing about the Hearst contracts.

The CHAIRMAN. Was not Mr. Lawson at one time interested in paper mills? Did he not own a paper mill?

Mr. McCORMICK. I believe he had some stock in a mill that proposed to make paper, but whether they ever made paper I do not know.

The CHAIRMAN. I was told this morning by one of the representatives that Mr. Lawson might give us some valuable information on this subject, because he was not only a publisher, but a news-print paper manufacturer.

Mr. McCORMICK. I think he can give you very valuable information for more reasons than one.

The CHAIRMAN. I wondered if he still had any interest in a mill manufacturing paper.

Mr. McCORMICK. I think he has still an interest in that mill, but to what extent they are making paper I do not know.

The CHAIRMAN. That is entirely apart from supplying paper to the Daily News?

Mr. McCORMICK. Yes, sir.

The CHAIRMAN. I had supposed that that was what he had the mill for.

Mr. McCORMICK. I understand that he built the mill to protect himself in the event of a very radical increase in price, or rather bought into the mill—he did not build it—it was organized in New York, I think, and was an old mill.

The CHAIRMAN. Do you know what mill it is?

Mr. McCORMICK. It is called the Publishers Paper Company.

The CHAIRMAN. Will you tell us something in regard to making out bills? How often do you get a bill for paper?

Mr. McCORMICK. Once a month.

The CHAIRMAN. The bills are made out monthly?

Mr. McCORMICK. We pay them monthly. I have never looked into the mail to see whether they are billed weekly or not, but we send them a check monthly.

The CHAIRMAN. There was something said by Mr. Norris, and I did not know whether I was correct in my understanding as to what he said, about payments quarterly.

Mr. McCORMICK. Some papers pay quarterly, but the Tribune pays monthly, and receives a discount of 1½ per cent in consideration of that.

The CHAIRMAN. Maybe I am mistaken, Mr. Norris.

Mr. NORRIS. Our contracts provide for adjustment of price on a quarterly statement of cost.

The CHAIRMAN. What I wanted to get at, or may wish to get, is to have some of the bills produced for certain months.

Mr. McCORMICK. We have the checks and bills of lading, and everything else—

The CHAIRMAN. Would there be any objection, so far as you know, to your sending to us an exact statement of the terms of the bill, I do not mean the form, but the amount of paper, and the price, for a certain month?

Mr. McCORMICK. No; I think not.

The CHAIRMAN. Both now and in the past; which will show the price and the quantity of paper within a certain time.

Mr. McCORMICK. I see no objection to supplying that.

Mr. STAFFORD. Have you, or to your knowledge have any Chicago publishers, considered the feasibility of buying into the print-paper business?

Mr. McCORMICK. No; but we have talked of it several times.

Mr. STAFFORD. When?

Mr. McCORMICK. Oh, I could not say when, but it has been talked of casually.

Mr. STAFFORD. Has it been a matter of recent conference?

Mr. McCORMICK. Do you mean among ourselves?

Mr. STAFFORD. Yes.

Mr. McCORMICK. No. I have discussed the matter with Mr. Eastman, for example, but only casually. We have never done anything; we have never looked into any proposition. One manufacturer submitted a proposition informally to us in the form of a letter, but even that has not, so far as I am concerned, been given serious consideration. It is something I have meant to do, but never found time to do.

Mr. STAFFORD. What was the nature of that proposition?

Mr. McCORMICK. He wanted us to finance the construction of machines, and perhaps a new mill, and in return to guarantee us paper at a fixed price for a long term of years. If I remember rightly, it was to be paper for \$42 a ton for ten years. I might be able to find that data in my files, but I do not know whether I kept it or not.

Mr. MILLER. Who was it that made that offer?

Mr. McCORMICK. Mr. Frambaugh.

Mr. MILLER. Whom did he represent?

Mr. McCORMICK. His own mill, I think.

Mr. RYAN. How long ago was that?

Mr. McCORMICK. That would be some time ago.

Mr. RYAN. Before this agitation about news-print paper increase began?

Mr. McCORMICK. No; I think that came about simultaneously with the agitation.

Mr. MILLER. What was the name of the mill?

Mr. McCORMICK. I do not know.

Mr. MILLER. Do you know where it was located?

Mr. McCORMICK. Up in Michigan, I think.

Mr. MILLER. How long has the International Paper Company been supplying the Tribune with paper?

Mr. McCORMICK. Well, about eight years, I should say. I want to say, gentlemen, that my testimony is subject to correction, and I may not be accurate about these figures.

Mr. MILLER. During that time did you have a contract with any other company for any part of your paper?

Mr. McCORMICK. Between the two contracts for a short period we got paper from some Watertown mills, as I have already explained, of the Outterson group.

Mr. MILLER. When did you make a contract with the Watertown mills?

Mr. McCORMICK. That was about four years ago.

Mr. MILLER. Did they furnish you any paper under that contract?

Mr. McCORMICK. Yes; they furnished us some paper for a few months.

Mr. MILLER. Why didn't they continue to furnish the paper?

Mr. McCORMICK. Well, it was a very poor quality of paper; we were making large claims against them for waste, and for that reason, and perhaps for others, they wished to give up the contract. At the same time the International Paper Company wanted the contract back, so I was able to cancel the one and make a contract with the other.

Mr. MILLER. Did you folks complain to the Watertown mill about the quality of the paper?

Mr. McCORMICK. We had complained to their selling agent, yes.

Mr. MILLER. Did you have any correspondence between the Tribune Company and the Watertown Company, looking to the cancellation of that contract?

Mr. McCORMICK. I do not believe there was any correspondence.

Mr. MILLER. How did you get together and agree upon the subject?

Mr. McCORMICK. Well, the representative of the company came to see me in Chicago. Whether he wrote me in definite terms beforehand or not, I don't know; I think not. My recollection is that he advised me that he wished to see me.

Mr. MILLER. Who was that?

Mr. McCORMICK. Mr. Duffy, of Perkins, Goodwin & Co.

Mr. MILLER. What did he say to you at that time about the cancellation of the contract?

Mr. McCORMICK. Well, now, that I can not tell you definitely. He wished to be released from the contract, and the same day the representative of the International Company was in Chicago, and wished to get the contract.

Mr. MILLER. They both came the same day?

Mr. McCORMICK. Yes.

Mr. MILLER. And you canceled the one contract, and made another contract—

Mr. McCORMICK. I went to New York with them, and canceled the contract with one, and made a contract with the other.

Mr. MILLER. And the representative of the Watertown Company and the representative of the International Company were both with you in New York?

Mr. McCORMICK. Yes.

Mr. MILLER. And there you canceled the one contract and entered into a contract with the International Paper Company.

Mr. McCORMICK. Yes.

Mr. MILLER. At what rate?

Mr. McCORMICK. Well, we had been paying the Watertown people a little over 2 cents, and I think that the rate fixed for the first period

under the International contract was about 2 cents. As the contract is going to be brought in, you can discover that easily.

Mr. MILLER. Now, Mr. McCormick, can you state to the committee how it was that the agent of the International Paper Company came to Chicago to see you the same day that the agent of the Watertown Company came; did it simply happen that way?

Mr. McCORMICK. I know nothing about it. One called upon me at, say, 2 or 3 o'clock, and before he had left I had received word that the other man was in town, and desired to see me, but did not desire to see the Watertown man, therefore I had one in one office and one in the other, and there was a closed door between.

The CHAIRMAN. You did not suspect any collusion between them at that time?

Mr. McCORMICK. I do not know what my suspicions were. I had so many suspicions, and have had, about paper manufacturers, that—

Mr. MILLER. As a matter of fact, did you not suspect that there was collusion; the very fact that you had one in one room and one in another room, with the door closed between?

Mr. McCORMICK. Well, I did not—let me see now—if I remember rightly, I did not suspect the selling agent of the Watertown mills, but I made up my mind that the Watertown people, the Outterson people, had been pretty badly frightened by the International people, and I remember that I had a rather angry interview with Outterson, in which I told him that he had ditched me; not that I lost money by the proceeding, but I was angry.

The CHAIRMAN. Mr. McCormick, you are the chairman of a committee of the American Newspaper Publishers' Association?

Mr. McCORMICK. Yes.

The CHAIRMAN. What is the style of that committee?

Mr. McCORMICK. The style of that committee, I think, was a special committee to appear before the committee of Congress. I was appointed chairman of that committee, after it was formed, and really I am as ignorant as anybody about this investigation. They could not have found a less competent chairman.

The CHAIRMAN. We always notice that you are very modest regarding your own attainments. I was asking for the style.

Mr. McCORMICK. I think that is in the record of the first day, Mr. Mann.

The CHAIRMAN. I was leading up to another question which I wish to ask you. Have you notified any of the publishers of the progress of these hearings, or the fact that the committee were carrying on hearings and had requested their attendance at the hearings?

Mr. McCORMICK. Mr. Ridder, at my request, communicated with several and asked them to appear here Thursday.

The CHAIRMAN. Do you know how many he communicated with; how many you asked him to communicate with?

Mr. McCORMICK. Over 20.

The CHAIRMAN. Do you know whether those gentlemen intend to appear before the committee? Have you heard from them?

Mr. McCORMICK. Some of them have expressed their willingness to appear later; a good many of them have answered that other engagements would make it difficult to appear, and some have not answered at all.

The CHAIRMAN. Of course the committee is anxious to accommodate the publishers so far as convenience is concerned in every way possible; on the other hand, I think that the committee would like to have some of the publishers appear before it to state their own knowledge about their own purchases of paper, the prices, etc. You are the chairman of that committee, and you are the man that in a way—

Mr. McCORMICK. If you like, Mr. Mann, I will send them word again; but I believe the committee ought to definitely ask them to appear, that the invitation or summons ought to come from you rather than from me. I am not here to order them to come, but to represent them so far as I am able.

The CHAIRMAN. But of course we prefer not to be put in the attitude, if we can help it, of harshly requiring people to appear before us in support of their own proposition; on the other hand, if you think that that is necessary and will make it easier for them to appear, of course we will do it.

Mr. McCORMICK. I would suggest that you follow that course, Mr. Mann. Mr. Ridder couched his letter in the strongest language.

The CHAIRMAN. You have a very able correspondent here who writes under the name of "Raymond." Would you care to say whether his articles represent your attitude toward this committee?

Mr. McCORMICK. I will say that I have given him no instructions as to the character of his articles.

The CHAIRMAN. I have no doubt about that.

Mr. McCORMICK. The first articles appeared before I knew that I was coming down here, Mr. Mann. I have not seen him or communicated with him for some months. I have been away on my vacation.

The CHAIRMAN. I am not seeking to criticise him or you, but I just wondered whether his views represent your views.

Mr. McCORMICK. There is one thing I want to say. I do not question the good intentions of this committee—its membership—but I do question the purpose of its appointment.

Mr. MILLER. You question what?

Mr. McCORMICK. Well, how shall I express that?

The CHAIRMAN. I think that is simple enough. Your own fear, at least, is—

Mr. McCORMICK. That we will not get action at this session of Congress.

The CHAIRMAN. That is, it is to prevent action instead of to accelerate it?

Mr. McCORMICK. At all events, that it is appointed to get action through other than the method which we demand, which was the repeal of the tariff on paper.

Mr. MILLER. Let me ask you, Mr. McCormick, and I think it is pertinent to this inquiry, the reason why the committee appointed, or you representing the publishers, think it would have been wiser for Congress to have taken the duty off of wood pulp without any investigation as to the facts of the case, rather than have a thorough investigation so that Congress might be justified in whatever action it might take?

Mr. McCORMICK. I think we should have had hearings before the Ways and Means Committee long, long ago. I communicated with

a member of that committee, and the answer was that it was his understanding that there would be no hearing. Now, the representatives of our association really have been most active during my absence—I have been away for some weeks, so that I have not followed developments closely. Congress, through its committees, had plenty of time to hear us, and they arranged for this hearing at such a late date that it seems scarcely likely that the bill will be reported—that is, if we are right in our contention. Of course, if we are wrong, we have no reason to ask that the tariff should come off of paper.

Mr. STAFFORD. You appreciate that this committee is acting as the Ways and Means Committee, so far as the scope of the inquiry under the resolution is concerned, and so far as the tariff is concerned?

Mr. McCORMICK. Would you be able to report a bill; would this committee be able to report a bill?

Mr. STAFFORD. Under the resolution, our authority is all extensive, to inquire as to the effect of the tariff on the prices of paper, and also as to any combination in wood pulp, and in the newspaper business, and to make a report to the House.

Mr. McCORMICK. Well, I knew that you were to make a report, but I did not know whether you were to report a bill for passage.

Mr. STAFFORD. There is nothing to limit the scope of our investigation, or the character of the report.

Mr. MILLER. As to the passage of some particular bill already before the House, or to recommend a bill of our own.

Mr. SIMS. Do you mean that this committee would have a right to report the Stevens bill or any other bill and put it on the Calendar?

Mr. MILLER. I think we have a right to recommend the adoption of a bill.

Mr. SIMS. But would that bill be placed on the Calendar?

Mr. McCORMICK. Yes; that is what I am not clear about.

Mr. STAFFORD. We have the authority to make a report, which report, coming from a privileged committee, would be in the same nature as a report from any other committee of the House.

Mr. SIMS. But are we not acting in rather an advisory capacity, and does it not depend upon the information obtained in this examination as to what we will advise? But could we take any action at all that would put a bill on the Calendar, ready to be considered by the House?

Mr. STAFFORD. I think we can recommend that certain action be taken as to the remission of duties or to strengthen the Sherman antitrust law in case the present law is not rigorous enough to affect any combination that is shown to us to exist and to make any such character of findings.

Mr. McCORMICK. Have you the same authority that the Ways and Means Committee has to report, for instance, the Stevens bill for passage?

Mr. STAFFORD. I question whether we have the authority to make a report of a certain bill, but we have the authority in our report to recommend.

Mr. McCORMICK. Recommend that the committee be ordered to report the bill?

Mr. MILLER. Some legislation.

Mr. RYAN. The Stevens bill has not been referred to this committee, but the whole subject matter has been referred to this committee,

with instructions to investigate, to determine, and to report, which report Congress would take up at once. There is no question about the privilege.

Mr. SIMS. But I do not understand that this committee has any power to report any bill so as to give it a calendar status.

Mr. STAFFORD. I will say further, as to my view, that if this committee does make any finding before adjournment, or can not until after adjournment, that the report, I believe, would be followed largely by the House.

Mr. MILLER. I do not think there is any question about that. Whatever report this committee makes will be adopted as to the legislation in the House on the subject; and that this session of Congress will act if the publishers will give us the facts.

Mr. STAFFORD. Now, as to your prior testimony, Mr. McCormick, what publishers had been requested to present themselves by you, or by Mr. Ridder, and who have declined to come at the present time?

Mr. McCORMICK. If you will permit me, I will give you a list after the noon adjournment. I have the stuff at my hotel.

Mr. SIMS. Is it your judgment, Mr. McCormick, both as an individual publisher, and in your representative capacity, that the passage of the Stevens bill, or any bill, removing the tariff duties on wood pulp and print paper, would give the relief that you are asking: and that that is all you are asking of Congress at present?

Mr. McCORMICK. Well—yes; that is my personal judgment.

Mr. MILLER. Since we are getting into this phase of the subject, I want some information also. Mr. McCormick, why should the removal of a duty of 15 per cent ad valorem on wood pulp, \$6 per ton on print paper, cause the reduction in the price of the amount—

Mr. McCORMICK. Now, Mr. Norris has discussed that matter, and under orders of the association I appointed him as our spokesman. I supposed that I came merely to give testimony as to my own experiences, and, if you please, I would rather not discuss the whole matter.

Mr. MILLER. You have testified as an individual and as a representative of your association that in your judgment the passage of the Stevens bill will give the relief to publishers that they are asking for.

Mr. McCORMICK. May I answer that in this way, that I have heard paper manufacturers—

Mr. MILLER. In your own way, of course.

Mr. McCORMICK. I have heard one of the manufacturers say that he believed that the abolition of the tariff would affect the local market and permit the introduction not only of Canadian but Norwegian and Swedish paper.

Mr. MILLER. Have you any personal knowledge as to the ownership of the Canadian forests of pulp wood?

Mr. McCORMICK. I have no personal knowledge of that. I merely know that it is generally asserted that the International Paper Company has been buying considerable tracts of land up there, and for that purpose they have issued bonds.

Mr. MILLER. But you have no personal knowledge upon that subject?

Mr. McCORMICK. No; I haven't any personal knowledge.

Mr. STAFFORD. What manufacturer was it who stated that to you?

Mr. McCORMICK. If you will permit me, I would rather not give his name.

Mr. MILLER. Mr. McCormick, if it is true, as you surmise, that the International Paper Company is getting control of the Canadian forests, or the Canadian pulp wood, would not the removal of the duty upon that product be a benefit to the International Paper Company rather than to the publishers, if the pulp could be brought in free?

Mr. McCORMICK. I think eventually when they have exhausted their American supplies that they will be the most active agents in demanding the repeal of the tariff. How soon that will be I do not know, and what relations they have with manufacturers of other papers I do not know. If they were interested solely in news, I imagine that ten years from now they would want the tariff off, but that is an opinion merely.

Mr. MILLER. And if it should be taken off now and they erected mills in Canada to manufacture wood pulp there, they would get the benefit of the removal of the duty, would they not?

Mr. McCORMICK. Well, how that would affect their American investments I do not know, or how that would affect their credit I do not know. That is a very complicated question to answer.

Mr. MILLER. But that is the proposition we are up against.

Mr. McCORMICK. Of course, but I am not able to give you the facts that Mr. Norris can give you. I have not studied this question as he has.

Mr. MILLER. With all due regard to Mr. Norris, I think it is a mere matter of opinion. I do not think he knows, but that it is a matter that we will have to learn of by experience.

Mr. McCORMICK. As the hearing goes on I will give you the names of one or two men who I think will give you some valuable information on that very subject.

Mr. MILLER. I hope you will do that.

Mr. RYAN. Do you believe that if the same conditions were shown to exist on any other line of business, or any other commodity, that exists in regard to wood pulp and print paper, that the tariff ought to be removed?

Mr. McCORMICK. I think that our justification for demanding special consideration is that the situation is very urgent. Take the case of General Agnus. His profit is gone, so he states.

Mr. RYAN. And if that same condition could be shown in other commodities or lines, ought the same action to be taken?

Mr. McCORMICK. I don't know that that is germane to the discussion of the paper question.

Mr. RYAN. I know; but this whole tariff question seems to be opened up.

Mr. McCORMICK. I do not believe that I should be required to express my opinion except through the editorial pages of my newspaper; that has usually been my attitude. I should prefer to study the thing a little before I answer so broad a question as that. But I believe that our principal justification for coming to Congress to ask that this schedule, and this one alone, should be considered is that the matter is so urgent.

Mr. MILLER. May I now not add, also, that this is a matter that affects you people personally?

Mr. McCORMICK. Do you mean that we are actuated by selfish motives? I think it is quite likely; I think quite likely. Of course we have been hit, roughly speaking, to the extent of \$7 a ton, and that involves, perhaps, \$100,000 a year to the Chicago Tribune alone. That is a fearful sum.

Mr. SIMS. Mr. McCormick, you do think that you do make a case which demands immediate action upon this particular subject, without any reference to the general tariff subject?

Mr. McCORMICK. Mr. Sims, if this committee will look into the condition of the smaller publishers, they will find in some instances, and, I believe, in many instances, men who, after years of work, have built up a good living and who have lost their living. There is a case of two men in Illinois who were making, I think, about \$2,000 a year apiece, and it is all gone—at least Mr. Eastman told me that, I think.

Mr. RYAN. That would be good evidence to produce here, Mr. McCormick, if you can produce it.

Mr. McCORMICK. I believe we can produce some evidence along that line—can we not, Mr. Norris?—if we are given time. It would be a hard proposition to uncover the names of the men. A fellow does not like to tell the whole world that whereas he was the owner of a prosperous property now it is no longer prosperous.

Mr. RYAN. But if the tariff is destroying industries, as you have stated—and you have made this statement to Congress and to the country—you ought to be willing to show, to bring out those facts, in order that we may have them. That is the most important thing I have heard yet.

Mr. McCORMICK. That you would like us to give some instances of men whose profit has been wiped out?

Mr. RYAN. Undoubtedly.

Mr. McCORMICK. Did not General Agnus say so in his testimony yesterday?

Mr. RYAN. Well, he said a lot of things, and of course his testimony was pretty good.

Mr. McCORMICK. If we have time, we can put in testimony to that effect, I think.

Mr. RYAN. I think that would be very good evidence.

Mr. STAFFORD. The extent of General Agnus's testimony, so far as I recall, was that the rise in the price of paper has cut down his profit \$30,000 to \$40,000 a year; whether it had wiped out his profit entirely or not he did not state. He also mentioned the disastrous effect of the fire upon him and the courtesies that the International Paper Company offered to him.

Mr. McCORMICK. As regards service, I can not speak too highly of the International Paper Company. They have given us good paper, kept us well supplied, and in that respect I have no criticism to make whatever.

Mr. STAFFORD. But you are receiving, and the other large publishers, as I understand it, are receiving much lower prices from the International Paper Company than what they are furnishing their paper to the smaller publishers for?

Mr. McCORMICK. You mean the very small publishers—the fellow who has a paper of 10,000 circulation?

Mr. STAFFORD. Yes.

Mr. McCORMICK. I imagine there is a big difference there, but I haven't personal knowledge of it. Those, of course, who have long-time contracts, five-year contracts, are better off even than such papers as the Philadelphia Bulletin, which is a very strong paper. I understand that the Bulletin and the Inquirer are paying \$2.50. That probably was in the testimony that you gave, Mr. Norris.

Mr. STAFFORD. There is no testimony as to the Philadelphia Bulletin, as I recall.

Mr. NORRIS. As to the large newspapers?

Mr. STAFFORD. There is no such testimony as to the Philadelphia Bulletin, as I recall.

Mr. NORRIS. No.

Mr. McCORMICK (addressing Mr. Norris). When you were reading the answers that came in last September, were those papers not included?

Mr. NORRIS. They were not.

Mr. STAFFORD. If Mr. Norris is on the stand, I would like to know the reason why they were not?

Mr. NORRIS. The answers submitted by me to the committee were merely the voluntary statements of newspaper publishers who wanted to inform the committee. There were many large publications which communicated verbally on paper prices, but did not fill out that blank.

Mr. STAFFORD. Were the Bulletin and the Inquirer in that list?

Mr. NORRIS. My recollection is they were not.

Mr. McCORMICK. If I could be excused from this hearing, I would like it.

The CHAIRMAN. I think, Mr. McCormick, that if you are not personally familiar with the facts upon which are based the allegations made by Mr. Ridder, for the American Newspaper Publishers' Association—

Mr. McCORMICK. Which allegations?

The CHAIRMAN. Excepting in so far as you learn from your own paper?

Mr. McCORMICK. Yes; I have not, for instance, made the exhaustive investigation of this thing that Mr. Norris has, and I imagine that none of us are so well able to supply the committee with information as he. Mr. Seitz, of the World, would be the next best-posted man.

The CHAIRMAN. Of the New York World?

Mr. McCORMICK. Of the New York World. Between them they have done most of the work.

Mr. SIMS. If I understand it, it is your judgment, in view of the urgency for relief in this particular instance, that Congress is fully justified and warranted in giving this relief, without waiting to go into a general revision of all tariff schedules, however, they might affect to some extent the possibilities of combination and rise of prices?

Mr. McCORMICK. That is my judgment.

The CHAIRMAN. You are not going away?

Mr. McCORMICK. Oh, no; I shall be here until discharged by the Publishers' Association.

The CHAIRMAN. If any other publisher appears in the city for the purpose of testifying, you will let us know?

Mr. McCORMICK. I will bring him up here, Mr. Mann. What did I promise to bring in this afternoon?

Mr. STAFFORD. The list of publishers who had been requested to present themselves, but who had declined for some reasons.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Contd,

Mr. NORRIS. Following up the sequence in the combination story. I submit a memorandum from the Paper Trade Journal of April 16, 1908, giving a statement that—

The manila and fiber manufacturers would hold a meeting in New York this week to approve the action taken at a similar conference held in Chicago a few weeks ago.

Also, that—

The coated paper manufacturers would hold a meeting to-day, Thursday, April 16, at the Hotel Belmont, New York, to consider the question of advancing prices on white blanks.

I also submit a memorandum from the Paper Mill of January 26, 1907, purporting to give a statement of the facts that on Monday of that week writing-paper manufacturers generally withdrew quotations, and since that time had issued new prices, the advance made varying with the different grades, and ranging from a quarter to 1 cent a pound. That would be from \$5 to \$20 a ton. It says that the increase in price, it is figured, averages about 10 per cent, which I can not reconcile with the figures.

Following is the memorandum referred to:

WRITING PAPERS ADVANCE.

On Monday of this week writing-paper manufacturers generally withdrew quotations and since that time have issued new prices, the advance made varying with the different grades and ranging from a quarter to 1 cent a pound. The increase in price, it is figured, averages about 10 per cent. The prices became effective at once.

The advance was not unexpected. It has been realized for some time that such an advance would come sooner or later, and manufacturers particularly felt that in order to receive proper returns on their investments that higher values would have to prevail. In addition to this, and almost wholly because of it, raw materials have advanced very materially, so that the cost of producing paper is much more than it was a year ago. That the manufacturers are justified in making the advance is generally admitted and there will be very little complaint at the new figures. There should be no such complaint, for all other grades of paper have advanced and the writing-paper manufacturers are the last to push up their quotations.

On receipt of the notice of the withdrawal of the quotations, paper dealers at once withdrew their quotations from the paper-consuming trade, and a large part of the week has been spent by paper sellers in readjusting prices with the printing trade and other large users of paper.

The CHAIRMAN. What grade of paper is that?

Mr. NORRIS. Writing paper.

Also a report in the Paper Trade Journal of September 26, 1907, stating that—

The writing-paper manufacturers met at the Hotel Astor, New York, on Friday of last week. No change in prices was made for the present. It was the general impression of those present that trade did not warrant an increase at this time. Rags, the principal raw stock of the mills, it was pointed out, had not advanced in price very much since last spring. The making of some changes in the present trade customs was discussed, it was reported, but no final action was taken at the meeting. Another meeting will be held in October, but no date for it has yet been set.

Also a reference in the Paper Trade Journal of February 14, 1907, to the adoption of a set of rules by which all writing-paper manufacturers are to be guided in taking and filling orders.

Following is the memorandum referred to:

THE TRADE CUSTOMS IN WRITINGS

The adoption of a set of rules by which all the writing paper manufacturers are to be guided in taking and filling orders is the beginning of a great and a much needed reform in that branch of the trade. In the reforms inaugurated by the adoption of the trade customs orders for special sizes will be charged additional. Special colors not regularly made in the grade ordered will carry an extra charge, enough at least to pay for "washing up."

Slight overruns on small lots must also be accepted by the purchaser. Orders for less than full packages must pay 10 per cent additional. The writing men have followed the example of the book manufacturers in refusing to stencil their cases a different weight than that of the paper.

On the question of weight of the paper when made the writing men have fixed on a 2½ per cent leeway either above or below the weight ordered. When not over or under this allowance the buyer must accept the paper. No claims will be allowed for paper after it has been cut or ruled or printed.

The new rules also put restrictions on the use of private watermarks by purchasers. This feature of the trade, it seems, has led to some abuses.

On the important detail of dates of payment, etc., the writing men have agreed that all goods are to be billed when ready or accepted and are to be settled for at the usual time, whether shipped or not.

For folding in ream bundles a charge of 1½ cents per pound must hereafter be paid, and not less than 2 cents per pound for quarter reams and packages. The cost of special watermarks must be paid by dealers or manufacturers who desire the same for a customer, and no credit will be allowed on account, regardless of the number of cases ordered.

Also a report in the Paper Mill, subsequent to January 31, 1908, when the Paper Mill printed a dispatch, or correspondence, from Boston, dated January 31, 1908, stating that that fiscal year of the American writing paper ended December 31 was the best twelve-month period in the history of the company (reads):

WRITING PAPER PROFITS.

[Correspondence of The Paper Mill.]

Boston, Mass., January 31, 1908.

The fiscal year of the American Writing Paper ended December 31 was the best twelvemonth period in the history of the company, although December witnessed a very severe falling off in business, which resulted in the closing down of many of its plants. The company is expected to show for the year between 5 and 6 per cent earned on its preferred stock, and it is quite probable that upon receipt of a court decision, expected within a few weeks, permitting the payment of \$2 per share in back dividends already declared, but held up in a friendly test suit, another dividend of \$1 per share will be declared.

Mr. RYAN. What company was that?

Mr. NORRIS. The American Writing Paper Company.

Also a publication in the Paper Trade Journal of January 16, 1908, wherein the manufacturers issue a circular defining clause No. 1 of trade customs, in which they make restrictions in regard to sizes.

Following is the publication referred to:

WRITING TRADE CUSTOMS INTERPRETED—THE MANUFACTURERS ISSUE A CIRCULAR DEFINING CLAUSE NO. 1, IN WHICH THEY MAKE RESTRICTIONS IN REGARD TO SIZES—LARGER THAN 24 BY 40, 10 PER CENT EXTRA.

The Writing Paper Manufacturers' Association in a general circular to the trade sent out last week gives further explanations of trade custom No. 1, which covers the manufacture of loft-dried, machine-dried, and air-dried papers. The interpretations

have been made by the association for the benefit of buyers who may not have fully understood clause No. 1 as contained in the original trade customs which were issued some months ago.

On loft-dried paper no orders will be filled above a certain size except at an advance of 10 per cent. Any sizes below the stipulated basis will be considered as regular size if carried in stock by the buyer.

The circular gives a list of the sizes which are to be considered as regular on machine and air dried flat bond and ledger papers. Sizes other than those stated are to be known as irregular and subject to a charge of 10 per cent in less than ton lots. On any size exceeding a certain number of square inches an extra charge of 10 per cent will be made on all grades mentioned irrespective of the amount ordered.

The association's interpretations follow:

The following interpretations of trade custom No. 1 have been decided upon by the Writing Paper Manufacturers' Association for loft-dried, machine-dried, and air-dried papers.

LOFT DRIED.

No loft-dried paper shall be made larger than 28 by 40, or 1,120 square inches, unless at an advance of at least 10 per cent. Any size under this basis will be considered as regular size if stocked by the buyer.

MACHINE AND AIR DRIED.

The following sizes will be considered as regular:

Flats.	Bonds.	Ledgers.
14 by 17	17 by 22	14 by 17
17 by 28	22 by 34	17 by 28
28 by 34	17 by 28	16 by 21
16 by 21	19 by 24	21 by 32
21 by 32	24 by 38	16 by 42
17 by 22	19 by 26	17 by 22
22 by 34	19 by 30	22 by 34
18 by 23	16 by 26	18 by 23
23 by 36	17 by 26	23 by 36
19 by 24	.....	18 by 46
24 by 38	.....	19 by 24
19 by 26	.....	24 by 38
26 by 38	.....	20 by 28
19 by 28	.....	.....
28 by 38	.....	.....

All sizes other than the above are to be considered as irregular, and charged at 10 per cent additional for lots of less than 1 ton.

Any size exceeding 1,120 square inches shall take an additional price of 10 per cent on all grades referred to above.

In the matter of the Sulphite Pulp Association, I have already submitted the memorandum of those who were present at a meeting in New York, and the by-laws which have been adopted by the new Sulphite Pulp Association. And I have here a report in the Paper Mill of Saturday, November 23, 1907, of a meeting of the sulphite and paper manufacturers at the Belmont Hotel.

Following is the publication referred to:

BIG MEETING—SULPHITE AND PAPER MANUFACTURERS AT BELMONT HOTEL—DEBB'S STORY AS TO IT—SOME OF THOSE WHO WERE PRESENT—THE INCREASED COST OF MAKING PAPER—THE PRICE OF WOOD.

The greatest representation of sulphite pulp manufacturers from all over the United States and Canada ever congregated at a hotel in New York were present at the Belmont on Wednesday and Thursday. I am safe in saying that there was more tonnage of sulphite pulp present at this meeting than at any meeting with the exception of that of the American Paper and Pulp Association, which meets at the Waldorf every February. Of course, all the paper and pulp and chemical fiber manufacturers attend that meeting and banquet. This meeting held at the Belmont on Wednesday and Thursday was a special call, not exactly by the Sulphite Pulp Association. It was a call for

every manufacturer of sulphite pulp to meet in New York and discuss the wood and sulphite pulp situation as it exists to-day, and the prospects for the future. This call of the sulphite pulp manufacturers was not for the purpose of raising prices or establishing any price. It was for information; that is to say, the sulphite pulp manufacturers are confronted with a condition that is serious, and they want to find out just how serious that condition is.

Before I go any further into this argument, I want to make a correction regarding a stupid error the printer made in my story last week, and I think you will remember what it was. It was the last part of my story in which I stated that the newspaper publishers and business managers of daily newspapers throughout the United States, next January, will get down on their knees and beg for white news paper at 2½ cents, and not 2½, as they are paying for it to-day.

The sulphite pulp manufacturers are now going to find out exactly how much pulp is manufactured in each mill, how much wood manufacturers have on hand and can get, how much pulp, if any, all the sulphite pulp manufacturers have in their mills, and their contracts, if any, with paper manufacturers, and the prices they are contracted for. These are the statistics which are going to be compiled as each manufacturer sends his report in to the Sulphite Pulp Association, and the association does not confine itself strictly to American mills, but includes Canadian mills and the sulphite pulp mills in the foreign countries—practically the world. It would have been better for them all had they done this long ago, but the wood situation that confronts them to-day and that has worried them in the past is serious.

These sulphite pulp manufacturers are not thinking for one moment about the newspaper publishers or their business managers. They have troubles of their own, and the publishers and business managers of daily newspapers can take their troubles back to Washington again, where they were the other day, and see if they can have turned on some more light, such as they claimed was so encouraging at the last visit they paid to the national city; see if they can have some more light turned on as to where they can get good cheap white news paper cheaper than even 2½ cents. Perhaps the "Big Stick" can give them some more encouragement, but not the forest and the paper mill. Let me tell these newspaper publishers and business managers that light does not make paper, for the reason that we have got the industry down to the fine art of making pulp and paper so that we can make it in the dark, but the "Big Stick" is an essential ingredient from which to make paper, and I only wish to gracious that all the sulphite pulp manufacturers in the United States had in their woodyard great piles of big sticks; then it would not be necessary for me to sit here writing about the sufferings of the pulp and paper manufacturer and the avariciousness of the publishers and business managers of daily newspapers.

Now, I say, and I say it with all sincerity, that the newspapers in the United States will pay by the 1st day of January 2½ cents a pound, and when I make this quotation I am making it too low, according to the conditions that exist to-day in the mill and the forest; for the conditions that confront us to-day are adverse to any conditions that have confronted this industry within my recollection of nearly thirty-one years. For instance, after a careful demonstration in the mills and owing to the tremendous draft upon the forest, the wood that the sulphite pulp manufacturers are hauling into their mills from both Canada and the United States is so small and in a great many instances so soft that it is taking 2½ cords to make a ton of pulp. I am speaking solely of spruce wood. Now, when you come to balsam and fir wood you must add 20 per cent more wood to enable you to get a ton of pulp. These are the conditions that the sulphite pulp manufacturers from all over the United States were discussing at their meeting this week, and after carefully figuring out the wood proposition and the wood situation wood has advanced 54 per cent in five years. Think of it! Over 50 per cent in the cost of wood in five years, and yet Mr. Norris tells Mr. Roosevelt that the paper manufacturers are attempting to put a tax on knowledge by raising the price to the newspaper publishers.

Again, the labor question is another serious matter that is confronting the paper and pulp manufacturers. When this three shift that the tour workers are demanding of the paper and pulp manufacturers goes into effect it will increase the labor proposition in all the mills at least 50 per cent. It is three sets of men in the mills in the future, where it is only in part of the mills to-day, and again I state, and I can prove the statement, that it has cost the manufacturer nearly 50 per cent more than it did four years ago, and yet Mr. Norris and the newspaper publishers call on the "Big Stick" to turn on more light and give them more encouragement so that they may be enabled to get cheap white paper and thereby help them to circulate knowledge by purchasing paper away below the cost of manufacturing.

Five years ago (and I say this from a personal experience right in the woods and right at the entrance of the forest) gangs of men were hired and sent in at \$16 a month

for cutting the trees. What are the pulp manufacturers paying these men to-day? Twenty-two dollars and transportation, and when the gangs go into the woods they tell you what you must give them to eat. Again, each mill which has operations in the woods has to send in there 40 or 50 horses for hauling the logs. You know the prices of horses to-day. Those horses have to be fed on oats, and what is the price of oats compared with that of three or four years ago, and even last year, to say nothing of hay? Hay to-day is nearly \$40 a ton, and oats have advanced nearly 40 per cent. Yet the newspaper publishers want more light from the ruler of the National Government as to why they should not get news paper cheaper than they are getting it to-day.

Now, let me ask the publishers of daily newspapers what it actually costs to make a ton of news paper after they take into consideration the advance of raw materials on that ton of paper. "How much have the paper and pulp manufacturers advanced the price of paper in comparison with the advanced prices for everything that they use?" Where does the paper manufacturer get off at in selling this wise newspaper business manager paper at 2½ cents? It is of no use for Mr. Norris to sit down and figure out the cost of news paper, and in doing it he doesn't have to have the Government turn on more light. He can figure it in the darkness. A blind man can figure it, and that is the darkest proposition there is.

The paper manufacturers are compelled to-day, owing to the great improvement made in the printing press in the past five years, where they run at such a tremendous speed, that they have got to have strong paper so as to withstand the strain on the sheet, to add 25 per cent of sulphite pulp at \$45 a ton, and 75 per cent ground wood pulp at \$30 a ton, with wood at \$16 a cord laid down at the mill, and that is low. Now then, add your labor, your manufacturing of your paper on the machines, your chemicals, and your transportation, which has also increased. When the "Big Stick" turns the light on these figures, how much will he figure up it costs to manufacture a ton of news paper? If he figures it a ha'penny less than \$45 a ton in any part of the United States or Canada, if you please, that manufacturer who is making it for less either does not know what his raw materials and labor are costing him or he is stealing a part of the former.

Let the publishers of daily papers seek more light; they will need it to see us coming after them about January 1, 1908. My advice to them is to fix up searchlights on the top of their forty-story buildings and let their bright rays fall down upon the paper manufacturer coming to Printing House Square to renew his contract with the publisher. I say contract, but the paper manufacturer will simply carry with him a picture of a freight car.

The next group is that of box board.

Mr. STAFFORD. Do you know the relative capacity of the different mills in the writing-paper output?

Mr. NORRIS. No, sir.

Mr. STAFFORD. You mentioned one mill, the American Writing Paper Company.

Mr. NORRIS. I understand; that is a group of mills. You can obtain from the Lockwood Directory a concrete statement accurately, of all mills which it operates.

Mr. STAFFORD. Do you know whether there is any combination existing among the writing-paper manufacturers?

Mr. NORRIS. I gather from these publications that there has been a very considerable advance in prices, the result of a combination.

Mr. STAFFORD. And understandings?

Mr. NORRIS. And understandings and arrangements.

The CHAIRMAN. Mr. Norris, are you able to tell us in regard to writing paper, whether the same machinery can be used for the manufacture of writing paper as for the manufacture of news-print paper?

Mr. NORRIS. I should say not, but I am entirely unfamiliar with the manufacturing side, and any statements that I might make with respect to those matters are gained entirely from statements made to me by others, such, for instance, as that statement of the Manufacturers' Paper Company yesterday, wherein they said that the reason why they could not put other mills on news and take advan-

tage of these high prices was because of the increase in prices of the other grades.

The CHAIRMAN. Do you know whether they use wood pulp in the manufacture of writing paper?

Mr. NORRIS. I should think that in some of the writing paper I have seen they did. I am not posted on that matter at all. Shall I proceed in regard to box boards?

(The bell here indicated a call of the House.)

The CHAIRMAN. We have a demand from your ally in the House again this morning to go over there and waste our time.

Mr. MILLER. Are you not a little afraid, Mr. Norris, that we will not be able to report at this session of Congress?

Mr. NORRIS. I am under no such apprehension.

The CHAIRMAN. Your ally is doing his best to hinder us.

Mr. NORRIS. I never yet saw a gathering of Congressmen that they did not fire off national politics as if they were trying to hold up the country by the boot tops.

The CHAIRMAN. I am sure we are doing our best.

Mr. NORRIS. Excuse me, I am not asking for a hearing, and I am not charging that you are trying to delay—

The CHAIRMAN. Not you personally; no.

Mr. NORRIS. But I do not hesitate to put myself on record as saying that the idea of this investigation at this late date in the session was intended for the purpose of delay.

Mr. MILLER. You are entirely mistaken about that.

The CHAIRMAN. You can have an opinion, Mr. Norris, without having knowledge of the facts.

Mr. NORRIS. I only want you to have knowledge of my attitude, that is all.

(At 11.35 a. m. a recess was taken until 2 o'clock p. m.)

AFTERNOON SESSION.

Pursuant to recess, the committee reassembled at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. Now, whenever you are ready.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. Mr. Chairman, may I at this time submit a letter which I received from the Department of Justice on November 13, 1907, as a result of various communications which have been sent to the Attorney-General's Department? Shall I read it?

The CHAIRMAN. You had better read it. I have looked it over, but you had better read it.

Mr. NORRIS [reading]:

DEPARTMENT OF JUSTICE,
Washington, November 13, 1907.

Mr. JOHN NORRIS,

The New York Times, Times Square, New York, N. Y.

SIR: Replying to your several communications relative to an alleged combination of the paper manufacturers in restraint of trade and commerce among the various States, I beg to advise you that I have carefully examined and considered the material which has been furnished to this Department as bearing upon the existence of such a combination. I have no hesitation in saying that the evidence thus far produced relates in its last analysis to the fact that the paper manufacturers of the country have advanced

the price of paper from 20 to 25 per cent, and that such advance in price has been made in each instance when the renewal of contracts for the ensuing year have been taken up by the publishers with the manufacturers. Such evidence, in my judgment, falls far short of establishing the fact that a combination or conspiracy exists among the paper manufacturers in restraint of trade and commerce among the various States. The mere fact that interstate trade and commerce has been restrained does not of itself, unsupported by other evidence, justify the conclusion that a combination or conspiracy to restrain such trade and commerce is in existence. The gist of the offense defined by the Sherman antitrust act is the combination or conspiracy to restrain trade and not the restraint itself. The fact that uniform prices are being maintained with respect to the sale of a particular commodity is ordinarily regarded by business men as one of the manifestations of the existence of a conspiracy or combination, but such fact in itself is not sufficient to warrant a court or jury in indulging in the presumption that there exists an agreement or understanding to suppress competition.

The case against the paper manufacturers so far established is, therefore, in my judgment, insufficient to warrant the institution of legal proceedings, and does not justify the announcement being made that a suit against such manufacturers will be instituted at some time in the future. If you are in possession of any further evidence tending to establish the fact that there exists an agreement or understanding among such manufacturers to maintain or increase the prices of paper to the consumer, I shall be pleased to receive it, and should such additional evidence be sufficient to establish a case of an illegal combination or conspiracy, I shall direct at once that proceedings be instituted with a view to obtaining immediate relief.

Respectfully,

CHARLES J. BONAPARTE,
Attorney-General.

I should state that this was prior to the receipt of the Ridder letter dated February 10. That Ridder letter of February 10 had been in the possession of the officers of the Department before that, but was formally sent February 10, in order that it might be a matter of record.

The CHAIRMAN. Let me understand if I comprehend your position in this. Suppose you personally have your mind made up that the present increase in price of paper is apparently, at least, owing to a combination in restraint of trade, and that it is an artificial advance at least in part.

Mr. NORRIS. I think I can show this afternoon almost entirely—

The CHAIRMAN. That is your position on that subject?

Mr. NORRIS. Yes.

The CHAIRMAN. Now, if it should appear, so far as we are concerned in our minds, that the advance is in part caused by an artificial combination, and hence is an artificial price, and that it is fostered by the tariff, then you think we ought to recommend a removal of the tariff, I take it? I suppose that is the position, outside of the question of prosecuting the combination. Suppose it should appear in our opinion that the enhancement in price is caused by normal conditions, by the actual increase in cost, either of material or labor, and not by reason of a combination. Do you think then we ought to recommend the removal of the tariff? I just want to get your point of view on this to make it easier for us to understand as we go on.

Mr. NORRIS. That to me is such an impossible hypothesis that fairly I can not give you an answer that will clearly state my own mind. We will substantially rest our demonstration, our whole proposition, on the fact that there is, first, a combination, and next, that the prices which were being charged are absolutely without justification.

The CHAIRMAN. That is what I suppose.

Mr. NORRIS. And unless we can prove those two propositions, that there is no necessity for taking up in any of its aspects the third, which when discussed frequently resolves itself into reasoning in a circle; and I want to avoid discussion on the tariff aspect until we have had fairly established to the satisfaction of every member of the committee the fact that that combination existed among these paper manufacturers, and that there was absolutely no justification for it; that the statements which they have made as to the causes which led up to it are absolutely untrue, and therefore we may approach the tariff end of it, and for that reason I have been reserving that end of it until I should prove the other, and I think I have data here which will establish in your minds such a strong basis of inquiry that the other side will be put upon notice that it must refute those figures in a striking and effective way or there will be no peace for them.

The CHAIRMAN. This is what I supposed your proposition was: The question of the removal of the tariff depended upon whether the tariff gave an opportunity in part to make an artificial price for paper by reason of a combination between the paper manufacturers.

Mr. NORRIS. Oh, yes. We say that the present operation is due primarily to an illegal combination, and we also hold that the tariff has contributed in a way to permit that to be done.

The CHAIRMAN. I understand that is another proposition; that is another phase of the case.

Mr. SIMS. Let me ask in that connection: If you do not establish to the satisfaction of the committee or Congress that there is a combination for the purpose of advancing prices unwarranted by natural trade conditions, do I understand then, if you do not establish it to our satisfaction, you do not ask for the repeal of the tariff duties?

Mr. NORRIS. Oh, yes. We ask for the repeal; we ask for it because we are so cocksure that we will establish it and that you will concur in it that we can not even take supposititious cases upon any other hypothesis.

The CHAIRMAN. I understand. Let us be perfectly frank; but, as I understand it, you do not think we would be justified in recommending the removal of the tariff if we should believe in the end that there was no combination to artificially advance the price, but that the price was due solely to the normal and natural conditions?

Mr. NORRIS. I say that the burden of proof is upon us primarily to satisfy your minds at the outset that there has been; that we have furnished evidence which will justify you in making further inquiry, and that you can very promptly satisfy yourselves upon these facts. I think that when I get through, possibly this afternoon or to-morrow morning, with the data which I have upon combinations and upon labor and upon wood, you will have the view that the burden of proof has been shifted.

The CHAIRMAN. Personally I always try never to form an opinion except upon the relative correlation of evidence until we hear a case. I suppose everybody does more or less form an opinion as they go along.

Mr. NORRIS. They are put on notice.

The CHAIRMAN. Yes.

Mr. NORRIS. Further, in that Department of Justice matter where reference was made to a witness, it can readily be developed that the witness referred to, whose name was not given, was not a material witness. It was a witness who, at the most, could pen or phrase the words of the story which you have. It was not pretended that the man who phrased or wrote those words, that that witness, had even attended one of the meetings. It was known by them, or it was stated to the attorneys, that, so far as our information went, he had not attended the meetings.

The CHAIRMAN. You say that statement of the Attorney-General's, that information was refused to a witness, refers to a particular witness?

Mr. NORRIS. Refers to a particular witness.

The CHAIRMAN. Who was that?

Mr. NORRIS. A particular witness, who was so insignificant he was not a factor in the proposition at all, and without whom they have obtained now the lead by which they can make the inquiry, and which they could have done at any time with the 18 names of participants and 18 names of brokers which were furnished to them in that paper.

The CHAIRMAN. Do you know who that witness was?

Mr. NORRIS. I do.

The CHAIRMAN. Is there any reason why we should not know?

Mr. NORRIS. Well, there is a reason. I can give it to you later. I am perfectly willing to give it to you in a way, so that all the members of the committee shall know, but I do not feel at this time that I ought to state it. I am perfectly willing to state it, but—

The CHAIRMAN. We want to be perfectly frank with you. If the Department lays such great stress upon it, we might wish to subpoena the witness to see—

Mr. NORRIS. I will tell the committee confidentially or quietly or in executive session what it is, and I am entirely willing to rest upon the committee's judgment in the premises.

The CHAIRMAN. I do not know about receiving information in executive session. But you may proceed now.

Mr. NORRIS. In the matter of the box-board combination—

Mr. SIMS. Mr. Chairman, I would like to ask Mr. Norris, because it is on my mind in view of what he said. If it should appear from this investigation that there is such a combination among manufacturers as is unlawful and as can be broken up by a suit in court, would the relief that would be thus obtained be the full measure of relief, or, in other words, could the full measure of relief desired be reached in that way without the repeal of the tariff, or must they go together?

Mr. NORRIS. It could not be obtained, I am quite sure, without the relief of the tariff.

Mr. SIMS. I just wanted to know the position you take in the matter, so that we will understand.

Mr. NORRIS. In the matter of box-board combination I submit a report from the Paper Mill of June 15, 1907, giving a memorandum or statement that "the box manufacturers held a meeting on Wednesday, Thursday, and Friday of last week, and as a result of the meeting prices on all grades of box board have been advanced \$2 a ton, the new schedule becoming effective on June 11."

Following is the entire item:

BOX BOARD ADVANCES \$2.

The box-board manufacturers held a meeting on Wednesday, Thursday, and Friday of last week, and as a result of the meeting prices on all grades of box board had been advanced \$2 a ton, the new schedule becoming effective on June 11.

The new prices do not apply to patent white-coated board, which remains at the old figure.

Mr. NORRIS. This, gentlemen, is the combination that collapsed on the 1st of April, 1908, when prices were dropped \$8 to \$10 a ton abruptly.

Also a report in the Paper Mill of June 29, 1907, giving a report of a semiannual meeting of the Western Association at Milwaukee, whereat an increase of prices on the finished product was discussed; also giving the names of the prominent members and box makers in attendance. [Submits the following]:

BOX MAKERS—THE WESTERN ASSOCIATION HELD ITS SEMI-ANNUAL MEETING AT MILWAUKEE LAST WEEK.

[Correspondence of the Paper Mill.]

MILWAUKEE, WIS., June 24, 1907.

With a serious shortage of supplies of raw material and an advance in the price of box boards members of the Western Paper Box Manufacturers' Association, which held its semiannual meeting at the Plankinton House last week, were confronted with something of a problem. The great advance in boards used in the manufacture of paper boxes is one of the principal matters for consideration at the meeting.

When president John P. Hummell, of this city, called the convention to order in the Colonial Room of the Plankinton at 11 o'clock there were between 75 and 100 members present. A number of new members, including several of the Wisconsin paper-box manufacturers, were elected at the opening session. The ladies of the visitors were given a social entertainment by the wives of local members, including an automobile ride about the city. Yesterday an excursion was given by boat to Whitefish Bay, where a programme of games and a supper was enjoyed.

An increase in the prices of the finished product, which seems inevitable as a result of the sharp advance in the cost of the raw materials by the mills, was discussed. The association is in no way a combine for regulation of prices, and no fixed prices are made by it, say the members. The association embraces the paper-box manufacturers in the territory extending west of Pittsburg, Pa., to Omaha, Nebr., and from St. Louis to Minneapolis.

Among the prominent members and box makers in attendance were P. S. Patterson, of Portsmouth, Ohio, a former president, now over 90 years of age, who is declared to be the "youngest member here;" George J. Kroeck, Chicago, treasurer of the association; W. E. Ritchie, Chicago, a former president, and Fred Davenport, Cincinnati, a former president. The Cincinnati members, numbering 25, made the trip in a private car. The present meeting is the twenty-third semiannual session. No election is to be held at this meeting.

The CHAIRMAN. Have you a theory about the collapse of the manila and fiber trust?

Mr. NORRIS. It was not the manila and fiber. It was the box board.

The CHAIRMAN. I mean the box board.

Mr. NORRIS. The same theory applies to all artificial attempts to stimulate prices, that they will ultimately, from natural forces, collapse from their own weight; and all that we ask is that Congress shall not exercise and use its powers unduly to stimulate or prolong that condition.

The CHAIRMAN. Were the manufacturers of box boards the same as the manufacturers of other papers?

Mr. NORRIS. What do you mean by "were the same?"

The CHAIRMAN. I mean were they the same manufacturers, the same individuals, the same concerns that manufacture box boards and manufacture print paper, for instance?

Mr. NORRIS. Oh, none. Some of them are related to us in a way. For instance, they make what are called news boards, which are made from old papers. They developed a method whereby they take the unsold papers, the returns of newspapers, get them into a mash, and get the body for a board. They call it "news board," which is a considerable item in the trade.

The CHAIRMAN. What is box board?

Mr. NORRIS. Pasteboard boxes; cardboard.

The CHAIRMAN. Not pasteboard boxes?

Mr. NORRIS. What we call pasteboards.

Mr. SIMS. Out of which the boxes are made.

The CHAIRMAN. Do not the same mills make box boards that make print paper?

Mr. NORRIS. I think not. I think the machines are entirely different. They would not make the paper in the same factory.

Mr. STAFFORD. Do I understand, when you cited that news article from Milwaukee, that that related to a combination of box-board makers?

Mr. NORRIS. That is right. It relates to the association.

Mr. STAFFORD. Of box-board manufacturers?

Mr. NORRIS. Yes.

Mr. STAFFORD. As I read the article, it related exclusively to pasteboard-box manufacturers, not to the manufacturers of the pasteboard itself.

Mr. NORRIS. Possibly I am wrong.

Mr. STAFFORD. Paper Box Manufacturers' Association, it seems to me.

Mr. NORRIS. That is true. That should not go in.

I submit also from the Paper Mill of a date subsequent to June 24, 1907, an article headed "The price of boards," wherein appears a statement. [Reads:]

According to the statement of the straw and all other kinds of board consumers, there has been another big boost given to this article. Report of the second increase in price within the last ninety days has been received here, and it is stated that the action providing for this increase was taken at a meeting of the directors of the United Box Board Paper Company, held in its offices in New York last Saturday. The increase this time is \$2 per ton, making box boards and all other strawboards \$33 per ton.

Following is the entire item:

THE PRICE OF BOARDS.

DAYTON, OHIO, June 24, 1907.

According to the statement of the straw and all other kinds of board consumers, there has been another big boost given to this article. Report of the second increase in price within the last ninety days has been received here, and it is stated that the action providing for this increase was taken at a meeting of the directors of the United Box Board Paper Company, held in its offices in New York last Saturday. The increase this time is \$2 per ton, making box boards and all other strawboards \$33 per ton. The cause for this increase is given as the continued wet season which has prevailed in this part of the United States, where many of the mills of that corporation are located. The stock is usually poorly protected, mostly under an open shed, the roof of which is not even rain-proof. The straw has been damp for months, rendering it unfit for use, and the corporation controls about 90 per cent of the output of strawboard mills in the United States. It is believed that the increase in price

may cause industries using this product, such as shoe manufacturers and the like, also to make an advance in proportion. Much comment has been created in this locality and there is heard considerable adverse criticism.

Mr. SIMS. Is wood pulp of the kind used for print paper the same kind as is used in this box board manufacture?

Mr. NORRIS. It is a by-product, the same as with the news boards, where they take the old papers and make them into a mash and make a board from it.

Mr. SIMS. I am speaking of the box-board manufacturers. What do they make the box boards from? I had an idea that they used straw.

Mr. NORRIS. Some is straw and some is other material. The census report covers that.

The CHAIRMAN. There is a strawboard?

Mr. NORRIS. Yes.

The CHAIRMAN. That is connected with box boards; it is all one company, as I understand.

Mr. NORRIS. Here is another report from the Paper Mill of August 31, 1907, of a meeting of manufacturers to be held at the office of J. H. Parks, 1 West Thirty-fourth street, New York. [Reads:]

At this meeting, which will be opened Wednesday and probably will continue for three days, the most important of many noteworthy features will be the matter of prices on raw materials.

Following is the entire article:

BOX BOARD—MEETINGS OF MANUFACTURERS—IT IS SAID THAT MILL MEN WILL ENDEAVOR TO FORCE DOWN PRICES OF OLD PAPERS.

Developments of the past ten days show that box-board manufacturers have determined to declare a war on the old paper market. Prices on the lower grades of waste paper have reached a point where the manufacturers claim they must not only halt, but must be battered down.

The opening gun of the promised war will be fired during the coming week, when the box-board manufacturers of the entire country will assemble in quarterly meeting at the office of J. H. Parks, 1 West Thirty-fourth street, New York. At this meeting, which will be opened Wednesday and probably will continue for three days, the most important of many noteworthy features will be the matter of prices on raw materials. Drastic action, it is said, will be taken one way or another. Either prices will be advanced to cope with the present high rate for materials, or plans will be devised to procure the raw materials at figures that the manufacturers believe to be right.

The rating of tonnage is another matter that will be taken up and acted upon at the national meeting.

Committee meetings will be held Tuesday, and the report of those bodies will be ready for presentation Wednesday.

As a forerunner of the coming meeting, a special meeting was held late last week of some 25 eastern manufacturers, although this is strongly denied by several interviewed this week. A member of the firm at whose mill it is said the meeting was held denied all knowledge of it, but others in the market are equally as strong in asserting that the session did take place and that plans for making war on the dealers were discussed.

It is said that several of the manufacturers were in favor of shutting down for a few weeks in order to get a surplus of raw stock in the market. Manufacturers who are now just delivering orders promised for last February would not listen to such a proposition.

Another plan discussed was to have all manufacturers combine and name prices that they would pay for raw materials, each one of them refraining from buying until the stockmen met their terms. That plan did not go through, it is said, and it is believed that the whole matter was deferred until the big meeting of next week.

The stock dealers, on the other hand, say that they are not doing any worrying. They say it is the old, old story of supply and demand, and in every instance it has been the eagerness of the manufacturer to beat his competitor in getting materials that has caused the prices to advance as they have.

Mr. RYAN. Pardon me; did you say paper-box manufacturers there again, or board manufacturers?

Mr. NORRIS. These were the manufacturers of box boards. These were the gentlemen who had what may be described as the Parks pool.

Here also is the suggestion of a line of inquiry on the part of the committee, a report in the Paper Trade Journal of October 31, 1907, wherein it says that the profits of the box-board pool had been tied up by the Knickerbocker trust collapse—that is, that the moneys which had been paid into the Parks pool, \$5 a ton on each ton sold, had been deposited in the Knickerbocker trust and had been tied up there at the time of its closing; and I presume a considerable part of it must still be tied up in one shape or another, if this report is accurate.

Mr. SIMS. Can you state the objects and purposes of that pool?

Mr. NORRIS. The purpose of that pool is disclosed in the statement which I handed in this morning, and as to which, by the way, I want to say to the chairman that I waive any objection to the private printing of that fiber and manila report. If you want to put it in type now, I have no objection. The purpose of that pool was that it required every member in the combination to pay \$5 per ton on every ton of material product sold into a pool from which were paid the expenses of the pool, including Parks's salary, and subsequently a division was made of the proceeds; that is, of substantially 70 per cent of that \$5 upon the basis of rating agreed upon between the members, whereby mills, for instance, which were closed would be paid a sum equivalent to the profit which they might make if they were operating at full capacity; and where discussions did occur with respect to certain mills which had been closed for a considerable time, and where the reduction in the allowance to these mills had occurred——

Mr. RYAN. How long was that pool in operation before it broke up?

Mr. NORRIS. I do not know that it is yet broken up. I assume, from the fact that Mr. Parks has gone to Europe and the gentleman returned every scrap of paper to him as soon as these intimations went out, that it has discontinued the payment of money in that way, but whether they have reduced their prices or whether they have disturbed the harmony and the arrangements that had been made in that interval I do not know; but our reports cover periods from about May to November.

Mr. RYAN. Of last year?

Mr. NORRIS. Yes; the report will speak for itself. That is my impression. About nine meetings we have furnished the minutes of.

Mr. SIMS. Was that \$5 used for the purpose of equalizing prices, or could it be used as a penalty in case a member of the pool violated the agreement?

Mr. NORRIS. No, there was a penalty, according to this report, of \$2 per ton in addition where a member exceeded his allowance, and one of the conditions of the organization was to enforce the collection of the penalties from the offenders.

Mr. SIMS. There was a uniform scale of prices agreed to by those participating in the pool, as I understand.

Mr. NORRIS. Yes; a uniform production provided for; 50,000 tons per quarter, 200,000 tons per annum, of the mills in the pool; the variety of performances, the permission to name a lower price than the rating to compete with an outside mill, are phases of it that will interest the committee.

Mr. SIMS. Has the fact of the organization of this pool and its method of operating been called to the attention of the Department of Justice?

Mr. NORRIS. Long ago. The Department is now investigating it in New York City.

The CHAIRMAN. What was this half million dollars collected for?

Mr. NORRIS. If in one quarter there should be 50 tons of paper produced, there would be \$250,000 paid into the Parks pool——

The CHAIRMAN. Do you mean 50 tons, or 50,000 tons?

Mr. NORRIS. Fifty thousand tons at \$5 a ton would be \$250,000; 50,000 tons per quarter was the allotment at \$5 per ton, and that would be \$250,000 per quarter paid into this pool.

The CHAIRMAN. I understand; but what was the money paid in for? What was the object of collecting a fund of half a million dollars and more, it may be assumed?

Mr. NORRIS. To reapportion it upon the basis of a rerating. If, for instance, there were 25 mills in the arrangement and 5 of them should be closed, those 5 mills were entitled to a given sum out of that pool to represent the profits which they would have made if they had continued in operation; and it was understood that after those various payments had been made the net results, which I gathered was 70 per cent, would be repaid to those mills which had paid in. There was this factor in it, that if the fiber and manila mills, by reason of going into this pool, had been able to raise their price over \$10 or \$12 a ton over that which had prevailed prior to the creation of the pool, they could afford to pay into this common harmonious arrangement \$5 a ton upon the understanding that when these various arrangements for restriction of output had been paid for the remainder would be divided among them according to an agreed division.

The CHAIRMAN. Was any money paid in fact to any mill that closed down, so far as you know?

Mr. NORRIS. Those records indicate that moneys were paid. And did we not the other day ask the committee to make inquiries about some such receipt by the International Paper Company, directly or indirectly, or through its selling agents?

The CHAIRMAN. Really I do not remember what you asked the committee to make inquiry about, because we are relying upon your statements now.

Mr. NORRIS. I think the chairman was absent at the time I formulated that request. But the basis for it was the relation of the Continental Bag Company to that pool, the Continental Paper Bag Company being the selling agent of the International Paper Company and marketing some of the output of its mills.

Mr. SIMS. Mr. Norris, is it your contention that the International Paper Company is also a party to and participator in this box-board pool?

Mr. NORRIS. The International Paper Company has an interest in the Continental Paper Bag Company, as I understand it, and the Con-

tinental Paper Bag Company, as I understand, was a member of the Fiber and Manila Association, and negotiations were made by it with respect to closing or keeping some of its mills closed and taking the profit from it. If the gentleman will permit me, I will refer to special passages in here.

The CHAIRMAN. Is this pool the Manila and Fiber Association or the box-board manufacturers?

Mr. NORRIS. The fiber and manila.

The CHAIRMAN. I thought you said a moment ago it was the box board?

Mr. NORRIS. No; you are talking of another arrangement. The box-board people were also Parks pool people. They were also in combination for a year and a half. If you have here the annual convention number of the Paper Trade Journal, you will see the story.

The CHAIRMAN. I had the Paper Trade Journal marked up, which somebody has taken the liberty of taking away. I had one all marked up.

Mr. NORRIS. I will send you one.

Mr. SIMS. Then, did the Parks pool embrace more than the box-board people?

Mr. NORRIS. The Parks pool plan seems to be almost universal. My understanding is that the Parks pool plan is not confined to paper, but I have heard of it for years in connection with various other articles and things of that sort, where Mr. John H. Parks would enlist the cooperation of a lot of manufacturers of some particular lines and induce them to come together in a plan whereby they would give to each other or to him information as to the capacity and output of each mill and the prices that they were obtaining; that then a fixed price, a tariff, would be agreed upon, and that each participant, according to his output, would pay a given sum into that particular Parks pool, and after the expenses had been paid and provision had been made for quieting those otherwise who would be floating icebergs in the business, those who had unprofitable mills and whose properties were largely valuable because they were nuisances—in other words, because they had nuisance value—they were paid to keep closed substantially, as I understand it; that they were paid a sum agreed upon, equivalent to that which they would have made if they had run, and by their curtailment and staying out of the market the others were enabled to maintain prices and increase profits over those which they otherwise would have received, and that these Parks pools extended to a very considerable number of lines of manufacture, and box boards was one, and fiber and manila was another. How many others of the paper groups were there I do not know.

Mr. SIMS. But the object and purpose of the pool was to restrict output and fix prices?

Mr. NORRIS. To raise prices, and provide for the curtailment of production, and regulate the trade.

Mr. SIMS. As a detail of the operation?

Mr. NORRIS. As a detail of enhanced profits

Mr. SIMS. I did not know whether the words "Parks pool" applied only to paper manufacturers.

Mr. NORRIS. No, sir; there are quite a number. We have endeavored to ascertain the number and variety of the gentleman's performances.

Mr. RYAN. You have recited already about pools connected with this business?

Mr. NORRIS. Yes.

Mr. SIMS. Is Mr. Parks in Europe now?

Mr. NORRIS. I saw two days ago a statement that he was in Europe. My understanding was that after he had made the disclosures in connection with the Fiber and Manila Association, word was sent out to each of the manufacturers to send in every scrap of paper that he had relating to his account with the pool.

The CHAIRMAN. When was this done?

Mr. NORRIS. Following the publicity of the Bonaparte letter, I understand.

The CHAIRMAN. That is the letter of February?

Mr. NORRIS. The February 10 letter, which was published shortly after it was sent; shortly after it had been formally sent.

Mr. SIMS. Is there anyone else besides Mr. Parks that you could suggest to us who knows the inside workings and facts concerning that box-board pool?

Mr. NORRIS. About 18 or 20 members of the association. Your committee has all of the names, at least 18 of the names, of men mentioned in connection with it, and 18 brokers, 6 of whom were denied quotations and 12 of whom were subject to restrictions of various kinds.

Mr. RYAN. When were these names handed in?

Mr. NORRIS. This morning. They are here. Shall I proceed?

The CHAIRMAN. Yes.

Mr. NORRIS. This Paper Trade article of October 31, in which it is stated that board profits are tied up, says that at the time of the failure the trust company, meaning the Knickerbocker Trust Company, had on deposit over \$500,000 belonging to the association. [Reads:]

This represents several months' profits of all the board mills which are members of the association, and also a large contingent fund, which has been accumulating with the trust company since the association was formed two years ago this month.

Mr. RYAN. Do you know of any complaint made by the users of the products made by that board?

Mr. NORRIS. Yes; a man named Priest had been complaining to the Department of Justice about that.

Mr. RYAN. What did he do? What is his business?

Mr. NORRIS. I do not know. I have a letter here. I will give it to you later. I will make a memorandum and give it to you.

The entire article referred to, "Board profits tide up," follows:

BOARD PROFITS TIED UP—THE FAILURE OF THE KNICKERBOCKER TRUST COMPANY EMBARRASSES BOX BOARD MEN—THE FUNDS OF THE PAPER BOARD ASSOCIATION, ACCORDING TO REPORTS, WERE DEPOSITED BY THE TREASURER OF THE ASSOCIATION IN THE FIFTH AVENUE BRANCH OF THE TRUST COMPANY.

It is reported that the funds of the Paper Board Association are tied up as a result of the failure early last week of the Knickerbocker Trust Company, of New York, which was a forerunner of the financial panic, and which precipitated a general run on a number of trust companies and banks in New York City.

At the time of the failure, it is said, the trust company had on deposit over \$500,000 belonging to the association. This represents several months' profits of all the board mills which are members of the association and also a large contingent fund, which had been accumulating with the trust company since the association was formed, two years ago this month. The treasurer of the association is said to have used the

Fifth avenue branch of the trust company as a depository because of its close proximity to his office.

The profits accruing to the manufacturers are only distributed quarterly by the association, the last distribution having been made in September. According to that arrangement the trust company had on deposit almost two months' profits of the association when it failed. As the earnings of the mills have been increased considerably owing to the advances in the price of boards, the amount involved in the failure is said to total something like \$300,000 or \$400,000. With the addition of the contingent fund, which is also tied up, the association, it is claimed, was one of the largest depositors of the trust company.

The affairs of the trust company are now being investigated by the New York State banking department, and the State bank examiner says it will take some time to readjust its finances. Receivers have been appointed, and the depositors are organizing to push their claims against the officers and directors of the company, whom they hold responsible for the failure. The receivers say that the company may be able to realize on its securities when the financial disturbances have subsided, and then the depositors will be paid in full.

Mr. NORRIS. I have also an article—

The CHAIRMAN. You did not call the attention of the Department of the Interior to any of these charges about combinations of paper manufacturers?

Mr. NORRIS. The Department of the Interior or the Department of Commerce?

The CHAIRMAN. The Department of the Interior. I see over there they have decided to employ law clerks instead of taking the advice of the Attorney-General.

Mr. NORRIS. I do not know the purpose of that question. [Laughter.]

I have here the annual report of the United Box Board and Paper Company, of February 20, 1908, that may be useful to you.

The CHAIRMAN. Is this the trust?

Mr. NORRIS. This is one of the combinations that collapsed on April 1. I mean this is the largest factor in that combination.

The CHAIRMAN. Is this a corporation?

Mr. NORRIS. That is a corporation.

The CHAIRMAN. A single corporation?

Mr. NORRIS. A single corporation.

The CHAIRMAN. A legitimate corporation?

Mr. NORRIS. I am not prepared to answer that as promptly as the other. It is a corporation; yes, sir.

The CHAIRMAN. You say this corporation was one of the members of the box-board combination?

Mr. NORRIS. A considerable factor in it.

The CHAIRMAN. Is this the largest company making box boards?

Mr. NORRIS. I understand so. Here is Lockwood's Directory. I can give you the answer very quickly from it. There is an advertisement here. It is a combination. It advertises itself as the [reads]—

United Box Board and Paper Company, manufacturers of strawboard, newsboard, chip and paper stock boards, wood pulp boards, double air dried and pasted boards, jute board, patent coated board. Plain or colored manila lined board with straw, chip, news, granite, or jute base. Mill wrappers, binders' board, cloth board, tar board, trunk board, friction board. Also the celebrated "trader's" brands of solid manila box boards. Ice cream and oyster pail boards, solid manila tag board and document manila, solid manila drafting and pattern papers, white mill blanks and card middles. Ground wood pulp, bleached and unbleached sulphite, and unbleached soda fiber of superior quality and strength.

Its general offices are at 111 Broadway, New York, as well as offices in Boston, New York, Philadelphia, Cincinnati, Chicago, and Wabash, Ind.

Mr. RYAN. It does not state there what its relative size is in the trade it is engaged in?

Mr. NORRIS. I can get that for you. I will furnish that to you.

The CHAIRMAN. Is their stock quoted in the ordinary stock quotations?

Mr. NORRIS. This publication undertakes to give quotations in the way the Paper Trade Journal carries the stock quotations of paper companies. The United Box Board and Paper Company, April 23, 1908—

The CHAIRMAN. What are the quotations of that date?

Mr. NORRIS. "1, common, bid 1; asked 8. 2, preferred, bid 8; asked 9."

The CHAIRMAN. Is that 1 cent or \$1.

Mr. NORRIS. I do not know what it means. I simply see that quotation.

The CHAIRMAN. Are there any other quotations of box boards there?

Mr. NORRIS. No, sir. They are quotations of other paper companies.

The CHAIRMAN. I mean box boards.

Mr. NORRIS. No.

The CHAIRMAN. Only the quotations on common and preferred?

Mr. NORRIS. Yes.

The CHAIRMAN. Do you want this [indicating document] to go into the record?

Mr. NORRIS. I am not especially interested in it.

The CHAIRMAN. You introduced it. Under the heading of "Earnings" in this report, which is dated February 20, it says [reads]:

The profits of the United Box Board and Paper Company, and subsidiary companies, for 1907, are equivalent to 6 per cent earned on the outstanding preferred stock, as against 4 per cent during 1906. The increased earnings during the year 1907 are due to reduced administration expenses and a larger volume of business. All raw material has advanced and the manufactured profit, per ton, was smaller in 1907 than in 1906.

Do you know whether that is the case or not, from your standpoint?

Mr. NORRIS. I know absolutely nothing about it other than from the material which I have furnished to the committee. Does that give the same material as this from the United States Paper Maker of March 2, 1908?

The CHAIRMAN. You mean as to the figures?

Mr. NORRIS. Is that merely a statement of the figures, or the full statement of the report?

The CHAIRMAN. This is a full statement of the report.

Mr. NORRIS. Because I have here, from the United States Paper Maker, what purports to be a full copy.

The CHAIRMAN. This is the annual report, evidently addressed to the stockholders of the United Box Board and Paper Company. [Reads:]

To the stockholders of the United Box Board and Paper Company: We present herewith comparative statements showing the earnings for 1907, as compared with 1906, and the condition of the company, under date of January 25, 1908, as compared with January 26, 1907.

Then it refers to various matters.
Following is the full text of the report:

UNITED BOX BOARD AND PAPER COMPANY,
New York City, February 20, 1908.

To the stockholders of the United Box Board and Paper Company:

We present herewith comparative statements showing the earnings for 1907, as compared with 1906, and the condition of the company, under date of January 25, 1908, as compared with January 26, 1907.

United Box Board and Paper Company.

	Jan. 26, 1907.	Jan. 25, 1908.
Assets:		
Real estate, plants, machinery, etc.....	\$22,493,790.19	\$22,401,471.11
Stocks and bonds.....	10,712,843.50	10,735,972.95
Personal property.....	39,753.72	35,668.01
Cash.....	121,553.13	143,034.67
Accounts receivable.....	503,398.24	803,611.60
Merchandise and supplies.....	422,703.53	547,691.58
	34,294,042.40	34,367,449.92
Liabilities:		
Preferred stock.....	14,948,900.00	14,948,900.00
Common stock.....	14,018,500.00	14,018,500.00
Bonds and mortgages.....	4,178,400.00	3,982,400.00
Accounts and bills payable.....	978,878.11	907,901.63
Surplus.....	109,364.29	529,748.29
	34,294,042.40	34,367,449.92

Earnings United Box Board and Paper Company and subsidiary companies.

	1906.	1907.
Gross profits.....	\$1,055,477.42	\$1,178,001.87
Less charges.....	597,566.97	470,262.97
Net profits.....	457,910.45	707,738.90

The present board of directors was elected at the last annual meeting, February 21, 1907, to the management of a company with a depleted treasury, credit destroyed, practically no cash on hand (\$1,130.73); outstanding accounts long past due and the stock of supplies and material on hand so low that many of the mills were forced to close.

Your company's treasury securities, including \$889,000 general mortgage 6 per cent bonds, and your company's equity in the stock of the American Straw Board Company, by a vote of the former directors, under date of January 5, 1907, had been delivered to Mr. O. C. Barber.

Notwithstanding your ownership in the control of the American Straw Board Company, Mr. Barber and his associates, by voting your stock, had just previously installed themselves in the directory of the American Straw Board Company as your representatives for one, two, and three year terms. Mr. Barber refused to relinquish control of the Straw Board Company, or to surrender the treasury securities of the company, unless your directors would purchase his holdings in the stock of the American Straw Board Company, sign a general release for the former officers and directors of the company, and unless the protective committee would issue to stockholders a letter "retracting and withdrawing all charges and reflections upon the business methods of Mr. Barber." The critical financial condition of your company made the return of your treasury securities and the control of the American Straw Board Company absolutely necessary, and your directors were therefore compelled, after mature deliberation, to comply with Mr. Barber's demands. This detailed statement of the circumstances surrounding the settlement with Mr. O. C. Barber is made in justice to the directors and the members of the protective committee.

Reduction in administration expenses.—In addition to assuming an indebtedness which the former management claimed to be a burden for them to carry, your directors

were forced, through the purchase of the American Straw Board Company's stock from Mr. O. C. Barber and others, to add to the company's floating indebtedness to the amount of \$350,000. The notes given to Mr. Barber and others in payment for American Straw Board Company stock came due and were paid in full January 15, 1908. It gives the officers pleasure to state that this entire indebtedness, while larger than the year before, was carried at a saving in "interest charges" of \$15,829.13, as compared with 1906, notwithstanding the higher rates for money which prevailed during the past year.

Salaries of officers and heads of departments show a reduction of \$32,805.43. The "dead mill expense" was reduced \$23,752.32. This was accomplished through the sale of dismantled properties, and by placing in operation some of the idle plants.

Bonds and mortgages.—You will note from the statement that there has been a reduction in bonds and mortgages of the United Box Board and Paper Company of \$216,000. In addition to this, \$68,000 of the first mortgage bonds of the American Straw Board Company and a mortgage of \$100,000 of the Uncas Paper Company have been retired, making a total reduction of mortgage indebtedness on the several properties of \$384,000.

Plants, repairs, improvements, depreciation, etc.—Expenditures for repairs and improvements during 1907 amount to \$360,166.42, as compared with \$238,001.81 during 1906. The entire amount spent in this way during 1907 has been charged out to profit and loss, and has resulted in an increased daily capacity amounting to 115 tons.

The mill at Wilmington, Ill., has been improved with an additional machine, new building, etc., at an expense of \$200,000. This mill will have an increased tonnage of 25 tons per day, making a total increase in the daily capacity of 140 tons.

Your directors are hopeful that in the near future the demand for our product will increase sufficiently to justify the necessary expense in rehabilitating more of our mills which have hitherto been idle. The expense necessary to carry out this plan would be small in proportion to the value of the properties and would largely increase the company's output.

We have charged off against surplus \$89,793.05, covering doubtful accounts, old claims, and depreciation on personal property and supplies, which stood on the books when the present management assumed control. The present "Accounts receivable" represent current accounts and the "Merchandise and supplies" have been reduced to cost.

Earnings.—The profits of the United Box Board and Paper Company, and subsidiary companies, for 1907 are equivalent to 6 per cent earned on the outstanding preferred stock as against 4 per cent during 1906. The increased earnings during the year 1907 are due to reduced administration expenses and a larger volume of business. All raw material has advanced and the manufacturing profit, per ton, was smaller in 1907 than in 1906.

Capital stock.—The company has purchased during the year several thousand shares of its common stock, and your directors recommend that \$1,967,400 of the common stock now in the treasury of the company be retired, thus reducing the total authorized capital stock from \$28,967,400 to \$27,000,000.

Finances.—Your officers are pleased to report that the improved financial standing and credit of your company made it possible for your mills to operate without inconvenience during the financial disturbances of last fall, and we manufactured in November the largest monthly tonnage of the year.

In addition to increasing your investment in the American Straw Board Company, reducing your mortgage indebtedness, and the amount spent on the mills, the company has added \$217,669.43 to working capital during the year.

Had the stockholders complied with the plan submitted to them by the present officers in April of 1907, and purchased the amount of bonds then in the treasury, a dividend on the preferred stock might be conservatively considered at this time.

Your directors believe, however, that the policy of strengthening the financial condition of the company should be continued.

Stockholders.—The company has 1,159 stockholders of record.

Respectfully submitted.

SIDNEY MITCHELL, *President.*

HYATT COX, *Secretary and Treasurer.*

Mr. NORRIS. I also submit a report from the Paper Trade Journal of February 27, of the annual meeting of the Binders' Board Manufacturers' Association.

The CHAIRMAN. What is that, Mr. Norris?

Mr. NORRIS. I also submit a report from the Paper Trade Journal of February 27, 1908, of the annual meeting of the Binders' Board

Manufacturers' Association held in New York, at the Murray Hill Hotel, just prior to that date, and what purports to be a list of those persons in attendance, with a statement that they are determined—

The CHAIRMAN. The binders' board—is that another phase of the manufacture?

Mr. NORRIS. I think that is another kind of box board.

Mr. STAFFORD. I think that is a special character of board used in the manufacture of blank books.

The CHAIRMAN. Is it manufactured by special machinery, do you know?

Mr. STAFFORD. It is a much harder board, and very stiff, different from the character used as pasteboard. It requires more pressure.

The CHAIRMAN. What does that show?

Mr. NORRIS. This merely shows another association of folks engaged in the paper business who have their meetings to fix and maintain prices.

The CHAIRMAN. Does this show that they fix and maintain prices?

Mr. NORRIS. This indicates that.

Mr. RYAN. Have you anything to show, Mr. Norris, to supplement that, to show the prices obtained before and after that meeting?

Mr. NORRIS. I have not.

Mr. RYAN. Do you think that evidence is sufficient in itself to sustain anything—mere newspaper charges?

Mr. NORRIS. No. I am simply submitting it to help the committee in getting full information on these subjects.

Mr. RYAN. You will not say you will prove whether or not that newspaper story is true?

Mr. NORRIS. I assume that that is within the reach of the committee. I assume that if the committee were undertaking to probe these various groups of combinations of paper makers, it would submit inquiries that would very promptly determine the existence or nonexistence of such an association for such a purpose, and the membership of the persons named.

Mr. RYAN. Speaking for myself, I should think if we were looking for any evidence of that character, the first man we would look to would be Mr. Norris himself, because he seems to be well posted on all this stuff.

Mr. NORRIS. I do not know anything about binders' board.

Following is the article referred to:

BINDERS' BOARD MEN MEET.

The annual meeting of the Binders' Board Manufacturers' Association was held on Wednesday of last week at the Murray Hill Hotel, New York. The meeting was of a rather lively nature throughout, and the discussions waxed warm over trade conditions, prices, and the competition in the business. Some of the manufacturers, it seems, have not been observing strictly the rules of the association in regard to maintaining prices. This question brought forth some very heated arguments on the part of several members.

Most of the manufacturers present reported business as being very dull, the production being considerably curtailed because of the smaller demand. Despite existing conditions of trade, however, the manufacturers are inclined to believe that the demand for their finished product is going to show a marked revival in the near future. They are determined to maintain prices rather than sacrifice their goods when all raw materials remain at such high prices as prevail at present.

Among the members of the association who attended were: William Foulds, jr., of William Foulds & Co., Manchester, Conn.; Ralph M. Snell, of the Newington Paper Company, Newington, Conn.; P. Garvin, of the Hartford Board Company, Hartford,

Conn.; R. W. Post, of the Westport Paper Company, Westport, Conn.; Mr. Forster, of the R. K. Swett Company, Talcottville, Conn.; John W. Purtell, of the Wausau Mills Company, South Glastonbury, Conn.; C. H. Norton, of North Manchester, N. Y.; W. N. Smith, of the American Paper Company, Bogota, N. J., and H. H. G. Ingalls, of Ingalls & Co., Castleton, N. Y.

Mr. NORRIS. I submit also a copy of an article from the New York World of March 30, 1908, giving the story of the death of the box-board pool, the collapse.

The CHAIRMAN. Tell us what it is.

Mr. SIMS. Does that refer to the company?

The CHAIRMAN. Not to the company, but—

Mr. NORRIS (reads):

HARD TIMES RIP UP PAPER TRUST'S BOX-BOARD "POOL"—CONSUMERS COULD NO LONGER PAY EXORBITANT PRICES OF COMBINE, SO IT HAS SPLIT IN BITTER PRICE WAR—HAD FORCED UP PRICES SOME 33 PER CENT—

This action was expected this week. This action did occur. I may say that parenthetically. It also says, "There are indications that the trust will cut the price of news paper." That has not yet occurred.

Mr. STAFFORD. Yet yesterday you cited an instance where there was a fall or a lower rate than what had been made.

Mr. NORRIS. That was not in the trust.

Mr. STAFFORD. No; it was outside. But you said that all the manufacturers have virtually an agreement or understanding as to price.

Mr. NORRIS. We still maintain that they had and have; 97 per cent, possibly. The others are filled up with orders, or so nearly filled up that they have no nuisance value. [Continues reading:]

PAPER TRUST ITSELF MAY CUT ITS DIVIDEND AND LOWER THE PRICE OF NEWS PAPER.

The Paper Board Association, one of the four great "pools" organized by the paper trust to control the paper industry of the United States, has been ripped to pieces by the bony finger of hard times. The parent trust itself, the International Paper Company, with its long array of dismantled plants bought at extravagant figures in order to bolster up the excessive market prices for the trust's products, is also, it is currently reported, in such distress that it is about to cut the dividend rate on its preferred stock from 6 to 4 per cent. This action is expected this week.

There are also indications that the trust will cut the price of news paper.

The announcement of the disintegration of the box-board pool came Saturday at the close of a four-days' secret conference at the Waldorf-Astoria and elsewhere of the officials of the 40 or more mills in the combine. The conferences were attended by nearly all of the leading manufacturers of the country. Completely disorganized as they now are, a bitter fight for business will begin to-morrow, and the antagonism already manifested, it is predicted, will quickly bring about destructive competition.

PRICES CUT \$3 A TON.

As a starter, the members of the late pool have cut prices for strawboard and news board \$3 a ton, and there are similar slashes on the other products of the combine.

The Federal Government, it is reported, already has agents here seeking further information as to the other and still existing pools maintained by the paper trust.

The Paper Board Association was organized for the paper trust by J. H. Parks on October 9, 1905. J. Wood Wilson, of the Marion (Ind.) Paper Company, was the first president; Stephen B. Fleming, of the United Box Board and Paper Company, of this city, was vice-president. The combine took in the box board mills of the International Paper Company, at Bellows Falls, Vt., and of the American Writing Paper Company—the writing paper trust—at Windsor Locks, Conn. The combine included also most of the big plants in Indiana, Illinois, New Jersey, Connecticut, New York, Ohio, Massachusetts, Pennsylvania, Michigan, West Virginia, and Virginia.

Mr. RYAN. What is the paper trust that you refer to—the supreme paper trust of the whole outfit?

Mr. NORRIS. That is what this paper refers to.

The CHAIRMAN. It goes along, notwithstanding it has been ripped to pieces by the bony finger of hard times. [Laughter.]

Mr. NORRIS. Mr. Cowles must be working the bony finger at this time. [Continues reading:]

The pool at once pushed up the market price of strawboard from \$24 to \$28 a ton, of news board from \$26.50 to \$35 a ton, and of their other products in proportion. The pool divided the country into four "districts"—eastern, central, southern, and Pacific—and gave the customer no choice of mills, compelling him to take the product of whatever mill the pool chose to deliver from.

In June, 1907, the box-board pool met in this city and advanced the price of their products \$2 more a ton. It planned also a raid on the raw material men to force down the latter's prices. In September, 1907, the pool again assembled here to act on prices and rerate the mills in the combine.

PANIC BURST THE POOL.

The pool gave its first audible sign of distress in October, 1907, when the suspension of the Knickerbocker Trust Company tied up more than \$500,000 of its funds. This was reported to represent several months' profits of all the mills, as well as a two-year accumulation of a contingent fund. Just before the panic last fall the pool was doing all the business it could handle, and was selling strawboard at from \$36 to \$39 a ton and news board at from \$41 to \$47 a ton.

The panic burst the pool's bubble by curtailing the ability of consumers to pay such high prices. The small mills in the pool were the first to feel the pinch. Nobody was buying box board. A great cry arose in the pool. How were interest charges on the big mortgages to be paid? Where were the dividends coming from? The fourteen mills not in the combine began to hammer the pool.

Finally it dawned on President E. C. Walker and Vice-President Sidney Mitchell and Organizer Parks that something was about to happen. Mitchell is connected with the United Box Board and Paper Company, with seventeen mills, the biggest factor in the pool. The conference, with its angry break up, was the result. The International Paper Company and the American Writing Paper Company both failed to help the box-board pool out of its troubles, as each had troubles of its own.

The CHAIRMAN. Dou you think, as a matter of fact, that a 6 per cent dividend on the preferred stock of the United Box Board and Paper Company, or whatever the name is, is too high a dividend?

Mr. NORRIS. It depends upon what it is on. If it is on water, it is outrageous.

The CHAIRMAN. We are asking for facts.

Mr. NORRIS. Or if it is on properties that once were valuable and which, through the ordinary processes of manufacture, have fallen into decay, or conditions have changed and they have been merged into a consolidation in order to give value to them through consolidation, it presents an entirely different proposition; and that is true of other combinations in the paper trade. We have especial reference to those in the manufacture of news-print paper.

Mr. SIMS. After this dissolution or failure referred to in the article in the New York World did the price of box boards then fall precipitately?

Mr. NORRIS. It dropped promptly.

Mr. SIMS. How much?

Mr. NORRIS. Eight or ten dollars a ton, and that was followed by the cutting off by the United Box Board Company of all jobbers in the United States, and there has been extremely lively competition inaugurated.

Mr. SIMS. Has there been any drop, any corresponding drop, in the price of print paper by any existing manufacturer?

Mr. NORRIS. We have not been able to detect any. The influence of that pool upon news-print paper is quite inconsiderable up to this day.

The CHAIRMAN. With the present price of box boards, do you think they are making great profits in the manufacture of them?

Mr. NORRIS. I do not know anything about box boards, and any opinion which I might give would have very little value.

The CHAIRMAN. That artificial price, what you claim is an artificial price, maintained by the pool, went down, regardless of the tariff on wood pulp?

Mr. NORRIS. It did.

The CHAIRMAN. Was not this collapse of the combination caused by the threatened activity of the Department of Justice?

Mr. NORRIS. I think not; I think it was due to what the New York World calls the "bony finger of hard times."

The CHAIRMAN. At the time of this four days' meeting in New York when the collapse of the combination took place, was not the agent of Department of Justice over there watching the meeting, giving attention to the subject, and did not the threatened prosecution become known to these people?

Mr. NORRIS. I do not know that, and I strongly question the accuracy of the surmise that they were watching.

The CHAIRMAN. Well, the newspaper article that you just read stated that to be the fact, of course.

Mr. NORRIS. Yes; I understand.

The CHAIRMAN. I do not know how far that report is true.

Mr. NORRIS. I think it was on the idea that every bush was an officer, that they were afraid the Department of Justice had shown that extraordinary activity.

The CHAIRMAN. It may have had the same effect, then, on the newspaper reporter who wrote that article.

Mr. NORRIS. He may have thought a bush was an officer.

The CHAIRMAN. He thought at least that the Department of Justice agents were over there watching this meeting, and he published that statement.

Mr. NORRIS. Yes, sir.

Mr. RYAN. Were they there?

Mr. NORRIS. There was a four-day conference at the Waldorf.

Mr. STAFFORD. As an experienced man in business economies, will you state what your idea is as to how the accounting should be made when machinery becomes obsolete and outworn, whether it should be deducted as a part of profit to the account of profit and loss, or whether it should be transcribed to the capital account?

Mr. NORRIS. I would prefer not to attempt to answer that question.

Mr. STAFFORD. You can see that it is quite pertinent in view of the charge of your association that the International Paper Company had at the time of its organization included into its capitalization an overvaluation of obsolete mills and outworn machinery.

Mr. NORRIS. And now what do you want me to express an opinion upon from that?

Mr. STAFFORD. As to——

Mr. NORRIS. As to how that cost or that charge should be disposed of?

Mr. STAFFORD. That is it exactly.

Mr. NORRIS. I think the gathering together of a lot of old junk of that character should be charged as a crime, and that it should not be foisted upon any industry or upon any consumer in a way to make them bear the burdens of all of the forces of nature and business which had simply made many of those mills impossible for profitable manufacture.

Mr. STAFFORD. I might agree that in case of combination, where there is a reorganization, that the capitalization of obsolete machinery at a high figure would be pure water.

Mr. NORRIS. But this was not a reorganization.

Mr. STAFFORD. I am trying to find out from you as the business manager of a large establishment and as a man of vast experience in business affairs, what is the rule of large business concerns when the machinery becomes obsolete and it is necessary to replace it with new machinery—whether that is transcribed to profit and loss or whether the additional amount that is needed for new machinery is transcribed to the capital account.

Mr. NORRIS. The original cost of the old, the obsolete, machinery as it appears on the books should be charged off absolutely, and the assumption ordinarily is that from year to year that would be charged off as an item of depreciation, and that therefore any expenditure for new machinery could be added in the capital account for the full amount.

Mr. STAFFORD. But if it is not charged off in the depreciation, as is quite general in business concerns, how would it be charged?

Mr. NORRIS. You are not asking me how it would be? I understand you are asking me how it should be.

Mr. STAFFORD. How it should be.

Mr. NORRIS. It should be charged off for every cent that it stands upon the books.

Mr. SIMS. Just like an insolvent debt in a bank?

Mr. NORRIS. Of course it should. Shall I proceed?

Mr. STAFFORD. Certainly.

Mr. NORRIS. I also read an article from the Paper Trade Journal of April 16, 1908, purporting to give a description of a corporate arrangement in bags. However, this is not paper. This is a product of paper. If you want it I will put it in. It is not material to our case.

Mr. STAFFORD. If it is not material I do not see any reason why it should be included.

Mr. NORRIS. All right. I also submit a report from The Paper Mill, of March 21, 1907, entitled, "Blotting advanced—The manufacturers raise the figures a quarter of a cent this week." That is equivalent to \$5 a ton. [Reads:]

BLOTTING ADVANCED—THE MANUFACTURERS RAISE THE FIGURES A QUARTER OF A CENT THIS WEEK.

This week the manufacturers of blotting paper advanced prices a quarter of a cent. This was not unexpected. A short time ago similar action was taken and it was then stated that the first advance should have been at least half a cent, and that it would be necessary later on to push figures up again. This has become true, and the action predicted has been taken.

Mr. NORRIS. I also submit a report from The Paper Mill of June 15, 1907, headed, "As to prices," referring to the fact that "Right in the face of summer business, manilas recently advanced, and this

week all grades of box board, except patent white coated boards, moved up \$2 a ton, and even at that the demand for tonnage is heavy."

Mr. SIMS. It says in the "face of summer business," is that an unusual time for an advance to take place?

Mr. NORRIS. That is the time when in most of these lines the demand slackens, and when they initiate what are called repairs.

The full article referred to follows:

AS TO PRICES.

Paper buyers who are looking for lower prices do not find much encouragement in these days, for the tendency of the market is distinctly against them. Raw materials remain high, the pay rolls are as heavy, if not heavier, than they have been in a long while, while manufacturers, as a rule, are far behind their orders, so that there is no reason why they should make any concessions in values and there is every reason why they should not only maintain the prices that are now in force or, if they move them at all, it will be to push them a little higher. Right in the face of summer business, manilas recently advanced, and this week all grades of box board, except patent white coated board, moved up \$2 a ton, and even at that the demand for tonnage is heavy.

Sulphite fiber, one of the paper maker's most important raw materials, is not abundant, and prices are very firm and contract sales in the market are considerably higher than minimum rates adopted by the manufacturers. Ground wood, too, is not plentiful and values of it are held firmly.

All in all, there is every reason why prices should be maintained. Stocks in dealers' and consumers' hands are below normal, and as one large buyer, who probably will be in the market shortly for paper, this week remarked: "It will take until September or October, probably, for stocks in dealers' and consumers' hands to even reach their normal level." This is probably true of all lines of paper, and, if it is true, the fall demand for tonnage will have become active by the months mentioned, so that there is little prospects that manufacturers will have any idle time on their hands.

Mr. NORRIS. Also a report from the Paper Trade Journal of November 28, 1907, headed "Troubles discussed—Shortage of pulp wood and currency may force shut downs—Representatives of a large number of the mills met at New York last week to counsel on the trade situation." This included the meeting of manila fiber, book, sulphite, and soda pulp. Also a report that wrapping mills were shut down for a week, and printing the following official statement:

At a largely attended meeting of wrapping-paper manufacturers it was the opinion of every manufacturer present that on account of the difficulty in getting cash to meet the pay roll, due to the financial stringency, and on account of the shortage of pulp wood, it was wisdom to shut down paper machines for at least a week. In order to give stability to the market it was also deemed advisable not to increase or decrease prices, but to hold them as at present.

Mr. RYAN. Are wrapping-paper manufacturers allied in any way with print-paper manufacturers?

Mr. NORRIS. Yes; there are about ten of the members of that association who could make news. Also a reference in the same article to "Makers of book papers follow suit, if necessary," adopting much the same plans as had been decided upon by the wrapping-paper manufacturers, where they decided to maintain prices, and if necessary to curtail operations temporarily.

Also, "Sulphite men may shut down—Form new associations."
[Reads:]

As a result of the meeting of sulphite manufacturers their old association has been dissolved and a new one formed. The new form of association meets with the approval of all the sulphite men. The scarcity of wood and the monetary situation were the principal topics discussed at the meeting. A number of the manufacturers have been running their plants under extreme difficulties for lack of wood. The money

stringency, too, has hampered operations to some extent. It was suggested that closing down might aid the situation and sustain prices. This suggestion seemed to meet with the approval of those present, and it is not unlikely that some of the mills will be shut down for a short period.

Soda-pulp production may be adjusted. As most of the soda pulp used is manufactured by the book-paper manufacturers, the conference of these interests was on much the same lines as those followed at the meeting of book manufacturers. There will be no lowering of prices, and the output of the various mills will probably be adjusted to meet any shrinkage in the demand.

Binders' board men trying to get together again—

Purporting to give report of their plans.

The full article quoted from follows:

TROUBLES DISCUSSED—SHORTAGE OF PULP WOOD AND CURRENCY MAY FORCE SHUT-DOWNS—REPRESENTATIVES OF A LARGE NUMBER OF THE MILLS MET IN NEW YORK LAST WEEK TO COUNSEL WITH EACH OTHER ON THE TRADE SITUATION—PRICES TO BE UNCHANGED.

A general meeting of manufacturers representing a number of the leading branches of the paper industry was held in New York on Wednesday, Thursday, and Friday of last week to discuss the present financial situation and matters in general affecting the manufacturing end of the paper business.

The various branches of the industry represented were the manila, fiber, book, sulphite and soda pulp, the representatives from each holding separate conferences to discuss conditions having a special bearing on their own particular line.

The discussions at the different meetings centered around the scarcity of currency prevailing at present, which has necessitated the temporary adoption of retrenchment policies by nearly all business interests and the effect upon the consumption of paper of such retrenchment.

In order to maintain the stability of the market all the manufacturers were of the opinion, in view of the possibility of a depression in business, that it would be best to allow the production to adjust itself accordingly.

One of the most important questions discussed, and one of vital interest to all the manufacturers, was the continued scarcity of wood. As wood enters largely into the manufacture, in one form or another, of the various products made by the different manufacturers who were present at the several meetings, the importance of the wood question is at once apparent.

The securing of wood has hardly been a question of price, as might be supposed, because the numerous experiences of the manufacturers have shown that it is a difficult matter, in most instances, to procure supplies of this material at any price. In view of such conditions as exist to-day, it was unanimously agreed that no manufacturer, the basis of whose finished product is wood, would be justified—if he is in business for a profit—in reducing prices on his manufactured goods.

There are many other raw materials correspondingly high in price which may be considered of minor consequence, but in the aggregate add considerably to the increased cost of the manufactured product.

Wrapping mills to shut down for a week.—In regard to the meeting of the manufacturers of manila and fiber papers, or wrapping papers, as they are generally referred to, the following official statement was obtained: "At a largely attended meeting of wrapping-paper manufacturers it was the opinion of every manufacturer present that on account of the difficulty of getting cash to meet the pay roll, due to the financial stringency, and on account of the shortage of pulp wood, it was wisdom to shut down paper machines for at least a week. In order to give stability to the market it was also deemed advisable not to increase or decrease prices, but to hold them as at present."

Makers of book papers follow suit, if necessary.—The book manufacturers at their conferences on the trade situation adopted much the same plans as has been decided upon by the wrapping-paper manufacturers. It was agreed that not only was business somewhat smaller in volume, as a direct result of the financial disturbances, but that it was difficult to get currency to meet ordinary expenditures. It was decided to maintain prices and if necessary curtail operations temporarily.

Sulphite men may shut down—Form new association.—As a result of the meeting of sulphite manufacturers their old association has been dissolved and a new one formed. The new form of association meets with the approval of all the sulphite men. The scarcity of wood and the monetary situation were the principal topics discussed at the meeting. A number of the manufacturers have been running their plants under extreme difficulties for lack of wood. The money stringency, too, has hampered oper-

ations to some extent. It was suggested that closing down might aid the situation and sustain prices. This suggestion seemed to meet with the approval of those present, and it is not unlikely that some of the mills will be shut down for a short period.

Soda-pulp production may be adjusted.—As most of the soda pulp used is manufactured by the book-paper manufacturers, the conference of these interests was on much the same lines as those followed at the meeting of book manufacturers. There will be no lowering of prices, and the output of the various mills will probably be adjusted to meet any shrinkage in the demand.

Binders' board men trying to get together again.—The fact that a number of manufacturers of binders' board were in New York last week gave credence to a report that they were holding a meeting for the purpose of organizing a trade association. It is said that for some time past the manufacturers of this grade of board have been anxious to work together on a cooperative basis, and to prevent if possible unnecessary variations in prices. It is expected that more definite information regarding the plans of the manufacturers will be forthcoming in the near future.

Mr. NORRIS. Also a report from the Paper Trade Journal of the first week in December, 1907, in which among other things it is said:

A large number of mills were closed down from Wednesday of last week until Monday of this week in order to prevent as far as possible overproduction. Shut downs for a week or more are expected to be quite general during January, which will undoubtedly help to maintain the paper market on a firm basis as regards values.

The full article follows:

MARKET RATHER QUIET BUT STEADY—THE COMBINATION OF THE "SCARE," THE NEARNESS OF THE ANNUAL LET-UP IN THE DEMAND, AND INVENTORY TIME HAS CONSPIRED TO REDUCE BOTH CONSUMPTION AND PRODUCTION.

Although conditions in the New York paper trade were to all appearances in much better shape than during the previous week, nevertheless the opinion was expressed quite generally both by manufacturers and dealers that the aftermath of the recent shortage of currency was still much in evidence. This opinion was based on the continued slowness of collections which the majority of the local paper firms are experiencing at present and the inadequate credit arrangements obtainable from a considerable number of the banks. Some of the more conservative members of the trade believe that a good part of the curtailment now being practiced by commercial interests is due to the inclination of the banking world to hoard its currency and not extending proper support in the way of credit for the legitimate needs of its customers in the business community. The banks now hold the key to the present monetary situation, and any unnecessary hoarding of money on their part will hold all lines of trade in check more or less, with its resultant effect upon the demand for paper. Business with the jobbers during the month of November was fairly satisfactory. In some instances sales were reported as somewhat below the average, but such cases were for the most part in the minority. The movement for the past week was not especially good, because Thanksgiving Day practically ended the week from a business standpoint. A number of the manufacturers and dealers believe that there is not going to be any marked revival in the demand for paper until after the first of the new year. Present indications seem to support such a belief, because it is customary for the paper business to be rather quiet from about the middle of December until the second week in January. Consumers are not disposed to increase their purchases, and the hand-to-mouth order of buying is quite prevalent. At the present rate of consumption most of the dealers have ample stocks to carry them over the remainder of the month, and for that reason are not placing many new orders with the mills. The mills have only been booking a very limited amount of new business, and this fact seemed to meet with the approval of the manufacturers, because most of them, in view of the present state of the money market, are disinclined to accept much new tonnage. A large number of mills were closed down from Wednesday of last week until Monday of this week in order to prevent as far as possible overproduction. Shutdowns for a week or more are expected to be quite general between now and January, which will undoubtedly help to maintain the paper market on a firm basis as regards values. The leaders in the manufacturing and distributing ends of the paper business have lost none of their optimism. They state that the reaction after January 1 will more than offset the present slump in the demand. In point of demand newspaper easily holds first place, while the movement on the other grades is too well known to need repetition in these columns. As regards prices, it can be safely stated that quotations will be firmly maintained on all grades of paper.

Mr. NORRIS. Also a report from the Paper Trade Journal of December 26, 1907, purporting to give a report of various meetings of the paper industries:

Mill owners representing different branches of the industry confer. While the principal meetings were those of the sulphite and the writing-paper men, still there was a large representation from other divisions. To shut down over holidays. The sulphite manufacturers met at the Waldorf-Astoria Hotel on Wednesday, and the writing-paper manufacturers at the Hotel Astor on Thursday.

The full article follows:

MILL OWNERS REPRESENTING DIFFERENT BRANCHES OF THE INDUSTRY CONFER—WHILE THE PRINCIPAL MEETINGS WERE THOSE OF THE SULPHITE AND THE WRITING-PAPER MEN, STILL THERE WAS A LARGE REPRESENTATION FROM OTHER DIVISIONS—TO SHUT DOWN OVER HOLIDAYS.

Important trade conferences were held in New York last week by the sulphite and writing-paper manufacturers, and in addition there was a miscellaneous gathering of manufacturers representing different branches of the industry.

The sulphite manufacturers met at the Waldorf-Astoria Hotel on Wednesday and the writing-paper manufacturers at the Hotel Astor on Thursday. Both meetings were largely attended by the leading manufacturers of sulphite and writing paper in this country, the western mills being strongly represented at the meeting of writing-paper men.

The large representation at both meetings shows that the manufacturers now realize the great benefit to be derived by coming together at intervals to discuss general trade conditions. At the present time the beneficial results obtained from such discussions is at once apparent to every manufacturer, because of the many serious problems which the whole industry has now to contend with.

Among the most important problems which the manufacturers are called upon to solve is the wood question. The continued scarcity of this material, with the rapidly increasing prices, has made this question one of serious import to the paper manufacturers.

Mr. NORRIS. And also a report in The Paper Mill, of Saturday, December 21, 1907, purporting to give story relating to "Seven big meetings in New York this week—Paper and pulp manufacturers were all present—Derb's graphic story—Every branch of the paper industry was represented at gathering—Hotels crowded."

The **CHAIRMAN.** What date was that?

Mr. NORRIS. December 21, 1907. It described among other things the fact that the sulphite association is a statistical proposition. [Reads:]

They want to find out how each sulphite pulp manufacturer stands: First, what orders, and what he gets for his pulp, and how long his contract is made for; second, to find out how much pulp he has on hand, what kind of wood the pulp is made from, how much it costs him to make it; third, to find out how much timber land the pulp manufacturer owns, if any, in this country, or how much in Canada, if any, or how much wood he has bought in Canada from wood-pulp agents, and what that wood cost him laid down at his mill. To secure all this information they have appointed a disinterested man, in no way connected with the paper and pulp business. They have secured his services and will pay him a good salary to secure all this statistical information and tabulate it, and place it before the sulphite pulp manufacturers at their next meeting, and every meeting they have during the year, and this man, I understand, is in the employ of the Audit Company, of New York, and the company stands back of him in his duties on this sulphite proposition, and it is practically that company that will secure these statistics.

A man in that company will be named in a few days to attend to the sulphite pulp business. When he gathers these statistics he does not speak as an individual, but makes up his tables from the industry as a whole, and no one sulphite manufacturer will know what the other manufacturer is doing. In other words, as the good old book says, "Let not your right hand know what your left hand is doing."

The most interesting part of the by-laws of this new association is the fact that the auditor will notify each sulphite manufacturer on the 15th day of each month how

much sulphite there is on hand, what contracts are in force, what contracts are to be met, and the price that the manufacturer is asking and getting for his pulp. And the members of this new association do not compel you to sell your pulp at a certain price. You can sell it for what you darn please. For that matter, you can give it away. It is immaterial to the members of the association, but this auditor will show you by his statistical proposition what the other fellow is getting, and what a fool you are for selling it for less.

In another part of this long article it says [reads]:

It was shown yesterday at the sulphite meeting that there was less than 500 tons of sulphite in the mills of the United States, and this is the smallest surplus of pulp that was ever known in the history of this sulphite industry.

There is also a reference to "the writing-paper manufacturers throughout the United States, including the American Writing Paper Company, which held their meeting yesterday at the New Astor Hotel."

The full article follows:

SEVEN BIG MEETINGS IN NEW YORK THIS WEEK—PAPER AND PULP MANUFACTURERS WERE ALL PRESENT—DERB'S GRAPHIC STORY—EVERY BRANCH OF THE PAPER INDUSTRY WAS REPRESENTED AT GATHERINGS—HOTELS CROWDED.

All I have got to say is, if Theodore Roosevelt had come to New York yesterday and turned on his little light, as he did in Washington a few weeks ago, he himself would have seen conditions far more serious than the condition of a few defunct banks in charge of a lot of bank looters, about half of which, since the light was turned on, preferred "cold lead" to that of warm yellow bullion.

Yes, sir; had he turned on that light in this city Thursday and Friday he would have seen the results brought about by the light he turned on in Washington a few weeks ago. His light then simply quered a few crooked bankers, but the effect of that famous light turned on the banks and bankers in this city acted in the capacity of an X-ray on the great "industries" of this country, and by showing up a few crooks doing high finance it was the direct cause of turning down honest industrial gentlemen and their industrial plants. Why? Simply because the financial crooks held within their vaults the money belonging to these industrial gentlemen and refused to hand it over. Besides, they threw the lock on the front door of the bank and took to the woods. The consequence was, while the light in Washington simply caused a local financial panic for a few days in the city of New York, it shortly afterwards, like a ringworm on the face of man, spread throughout the country among all the industries, so much so that there is no telling where the end lies and when the climax will be reached. To size the thing up in a nutshell, the light turned on closed up the bank, the bank closed up the mill, and the mill has and is closing up the home. So there you are.

For the number of years that I have traveled around among the representatives of this imperial industry and seen the conditions that they have been up against, I never, in all those years, saw such a condition as existed in New York for the past three or four days. All the leading hotels in the city of New York at this writing are crowded with paper and pulp manufacturers, ground-wood pulp, soda pulp, and sulphite pulp manufacturers, writing and book paper manufacturers, box-board and tag-board manufacturers, lumber and pulp wood producers, and I can think of only one other ingredient used in the manufacturing of paper and pulp, and that is water. The owners of water powers could not very well bring that down here to New York, and I do not believe that they would have had any use for it even if they had brought it here; so, therefore, they did not have to. It reminds me of the story of the two Irishmen digging in the subway here in New York, McCarty and Gilhooly. While they were resting a minute, Gilhooly says to McCarty, says he, "McCarty, what would you do if you was as rich as Rockefeller?" He says, "I will tell you what I would do. I would go up to the Waldorf and I would register my name on that book, Pat McCarty, from Derry, and then I would tell that clerk that I wanted a suite of rooms with a washtub in each room, and then I would go into the green room and order corned beef and cabbage and pork and beans, and then, just before I went to bed, I would tell that clerk to call me at 4 in the morning, and when that porter came up and rapped on my door and said, 'Get up, McCarty, it is 4 o'clock, I would say to him, 'Go to the devil, you son of a gun, I don't have to.' " This shows the independence of an Irishman if he had means and the owners of water powers if they only had water.

The sulphite-pulp manufacturers met in a body at the Waldorf on Thursday, and the representation was the largest that has ever been held by the Sulphite Pulp Association. They answered the call to a man, for they were told there was going to be business done there that required the presence of every manufacturer, whether he be manufacturing sulphite for the market or whether he was manufacturing for his own consumption, and the principal aim of this meeting was to form a new sulphite-pulp association, as the old one was an old worm-eaten proposition that did not amount to anything, as there were not more than the majority of the manufacturers members of it, and they hardly ever attended, so the majority of the manufacturers wanted to abolish the old association and form a new one, and a very much different one, as far as by-laws were concerned. That is why there was such a large representation here this week of sulphite-pulp men.

After reading over the new charter of the sulphite-pulp manufacturers, they ought to be proud of it. It is bound to work out and produce the best results and something different from anything that has ever been done before in this industry in the way of an association. In the first place, this new association is a statistical proposition. They want to find out how each sulphite-pulp manufacturer stands: First, what orders and what he gets for his pulp, and how long his contract is made for; second, to find out how much pulp he has on hand, what kind of wood the pulp is made from; how much it costs him to make it; third, to find out how much timber land the pulp manufacturer owns, if any, in this country, or how much in Canada, if any, or how much wood he has bought in Canada from wood-pulp agents, and what that wood cost him laid down at his mill. To secure all this information they have appointed a disinterested man, in no way connected with the paper and pulp business. They have secured his services and will pay him a good salary to secure all this statistical information and tabulate it, and place it before the sulphite-pulp manufacturers at their next meeting and every meeting they have during the year; and this man, I understand, is in the employ of the Audit Company of New York, and the company stands back of him in his duties on this sulphite proposition, and it is practically that company that will secure these statistics.

A man in that company will be named in a few days to attend solely to the sulphite-pulp business. When he gathers these statistics, he does not speak as an individual, but makes up his tables from the industry as a whole, and no one sulphite manufacturer will know what the other manufacturer is doing. In other words, as the good old Book says, "Let not your right hand know what your left is doing."

The most interesting part of the by-laws of this new sulphite association is the fact that the auditor will notify each sulphite manufacturer on the 15th day of each month how much sulphite there is on hand, what contracts are in force, what contracts are to be made, and the price that the manufacturer is asking and getting for his pulp.

And the members of this new association do not compel you to sell your pulp at a certain price. You can sell it for what you darn please. For that matter you can give it away. It is immaterial to the members of the association, but this auditor will show you by his statistical proposition what the other fellow is getting and what a fool you are for selling it for less. That, in my mind, is one of the best propositions that I have ever heard of, and I have written up a great many by-laws in associations. Another thing, the members of this new association do not ask a manufacturer to shut down his mill if there is an overproduction and if he has not any orders. There is where he can use his own judgment as to whether he wants to make his pulp at a loss or whether he will shut down until he can get a price that will insure a small profit on his investment. There is not one act, one word, one condition in the charter of this new sulphite pulp association that is a violation of the Sherman Act or any other act that would necessitate or justify Theodore Roosevelt of turning on another light in the near future. Every manufacturer uses his own discretion as to whether he will shut down, whether he will keep running, whether he will give his pulp away or whether he will sell it, the price be hanged. The association does not restrain him from doing anything. And that is why I think it is one of the best by-laws that was ever gotten up for any association.

The officers of this association are as follows: Thomas Hunter, of the Battle Island Mill, Fulton, N. Y., president; Nathaniel M. Jones, general manager of the Katahdin Pulp and Paper Company, Lincoln, Me., vice-president. The secretary and treasurer are yet to be selected.

Appended are a few of the by-laws of this new sulphite association:

"The purposes and objects of this association are as follows:

"To establish a bureau of information and statistics, to the end that a full and accurate knowledge of prices, production, and other conditions of the industry may enable each member to more nearly adjust his production to the demand and prevent violent fluctuations in prices, to the injury of both manufacturer and consumer.

"To discuss and investigate the present supply of raw material, the possibility of new material and processes, and cost of manufacture.

"To collect and disseminate statistics and information between the manufacturers of sulphite fiber, and promote the industry in every lawful manner.

"The regular meetings of the association shall be held on the third Wednesday of every month.

"Special meetings may be held when called by the secretary. It shall be the duty of the secretary to call a special meeting whenever requested, in writing, by two members of the association.

"Each member of the association shall be entitled to representation at any meeting by one of its directors, and shall be entitled to one vote.

"A majority of the members of the association shall constitute a quorum.

"The secretary shall appoint an auditor to examine the books, vouchers, and other papers of every member of the association monthly, for the purpose of verifying such reports, and each member of the association agrees to afford all reasonable facility for such examination.

"In order that the members may have the most reliable information as to the market for sulphite and the relation of the demand to the supply, each member shall send monthly reports, in such form and within such seasons as may be authorized by vote of the members, showing the tonnage and prices and agreed rate of shipments of manufactured product sold; also tonnage and prices of manufactured product shipped, names of buyers and terms of contracts, and such other information as may be required by the members.

"Such monthly reports from each member shall be kept in strictest confidence by the secretary, and shall not be shown to any person whatever, but shall, by the secretary, be averaged and tabulated into a monthly report of all the association, as a whole, copies of which shall be furnished to each member so reporting."

I am simply giving you a few of the by-laws of this association to show that it is simply a harmonious proposition, and it is to be hoped that this new Sulphite Pulp Association will meet with every success, for judging from the wood situation to-day in this country as well as in Canada it is pretty hard to make a dollar in the manufacturing of sulphite pulp, owing to the scarcity of wood in this country and the terrible expense the manufacturers in this country are put to in getting it from the foreign country.

It was shown at the meeting of the sulphite pulp manufacturers that 4,000 tons of foreign pulp were imported from Norway and Sweden last year, and 39,000 tons for the ten months of this year, and this great increase in the importation of sulphite pulp was due to the fact that the Swedish manufacturers had a lot on hand that they could not dispose of, and they saw a chance to dump it into this country at a cost way below what the sulphite pulp manufacturers could produce it here and make profit. But they are about through. Again the pulp they have shipped into this country is not only foreign, geographically speaking, but also foreign to the paper manufacturers that have to use it and still try to keep their customers who buy their paper that was formerly made from domestic pulp, and I don't mind telling you that some of the paper manufacturers that are using this foreign pulp are having troubles and rejections that is causing beads of sweat to trickle off their foreheads.

Norway and Sweden make good pulp, and the paper manufacturers of Great Britain know how to treat it and run it over their paper machines, but the American paper manufacturer has got to learn this. Well, he is. But at a great cost.

One paper manufacturer told me to-day that he has tried every known device in the way of beating engines and pulp screens to reduce this foreign pulp for the flow box. But by the time he has perfected it the foreign sulphites will be cut out, for the reason they are about all sold up, and only have enough left for home consumption.

It was shown yesterday, at the sulphite meeting, that there was less than 500 tons of sulphite in the mills of the United States, and this is the smallest surplus of pulp that was ever known in the history of this sulphite industry.

One large soda pulp manufacturer asked me this question yesterday: "Here is a large paper manufacturer producing his own soda and sulphite pulp and it is a known fact that he is losing money in his mill. Here is another large paper manufacturer who is buying his sulphite and soda pulp, and he is making money. Can you tell how you account for this?" Said I, "That is easy. The large paper manufacturer who is making his own soda and sulphite pulp knows exactly what it costs him to produce it, and half of the soda and sulphite pulp manufacturers who are producing soda and sulphite for the market do not know what it is costing them, therefore, the paper manufacturer is taking advantage of their ignorance and is, therefore, making money in his paper mill." Said he, "I hate to admit that you have answered this question correctly, but, nevertheless, 'tis true."

The writing-paper manufacturers throughout the United States, including the American Writing Paper Company, held their meeting yesterday at the New Astor Hotel, and they had a pretty spirited meeting, although there was nothing of importance, typographically speaking, to say about it, for the reason that it was simply a case of "stand pat." I have heard of a lot of stand patters in the political arena, but I never heard this phraseology used in a meeting of paper manufacturers in discussing the conditions that exist, but I can readily see from the conditions that do exist to-day that "stand pat" simply means this: We have reached the minimum price for the manufacturing of writing paper owing to the fact that the raw material has in the past two or three years advanced very much more than the manufacturers have advanced the price of the finished product, and the stand pat proposition is this: It costs so much to-day to manufacture paper and put it upon the market, and writing paper manufacturers of this country do not propose to cut the price a ha'penny, if they have to shut down every machine in every mill in the United States, and I don't mind telling you that they have shut down several machines, and if the worst comes to the worst, they will shut down more, and all the light that Theodore Roosevelt may throw upon this industry, and all the duties that he may abolish on paper and pulp coming in from the Dominion of Canada through the aggressiveness of these tyrannical publishers, will not affect the market in the least. It is costing the Dominion of Canada just as much to manufacture paper as it is costing us, and, when they get through with their home consumption of paper and pulp, there is very little left to put into the market of the United States, and, should we abolish the duties on paper and pulp coming into the United States, the price would be just the same for the paper and pulp made by the Canadians. This abolition of the duty might tend to put more dollars into the pockets of the Canadians, but it would not affect the price of the paper and pulp a ha'penny to the consumers in the United States.

DEB.

Mr. RYAN. Does that paragraph relating to the pulp show that there had been a restricted output or that there was a much greater consumption of it—

Mr. NORRIS. We think it will show an artificial restriction of output or creation of a sulphite pulp in order to force up prices.

Mr. SIMS. In using the word "artificial," do you mean it as synonym, mous with "arbitrary?"

Mr. NORRIS. Arbitrary.

Mr. SIMS. I notice we are all using the word "artificial."

The CHAIRMAN. It means not natural. Can you give us an idea about the relative proportions of sulphite pulp and ground pulp?

Mr. NORRIS. I can give you accurately.

The CHAIRMAN. The amount used in the United States

Mr. NORRIS. I can give it to you accurately.

The CHAIRMAN. I mean generally, now.

Mr. NORRIS. I can give it to you now—right away.

(Mr. Norris referred to memoranda.)

The CHAIRMAN. Here is an article on the consumption of wood pulp in 1906.

Mr. NORRIS. Not that; no; it is in the—where is that list of pulp?

The CHAIRMAN. Here is "Pulp wood consumption in the United States."

Mr. NORRIS. No; you asked for the sulphite pulp. It is in this report of paper and wood pulp, 1905.

The CHAIRMAN. I think it is in here, probably later than that; I see this is on the "Consumption of pulp wood in the United States, 1906."

Mr. NORRIS. That gives merely the different kinds of wood and what they are turned into, but this gives the—I had laid that out as part of the—

The CHAIRMAN. There is more sulphite pulp manufactured than there is mechanical?

Mr. NORRIS. Than there is mechanical ground wood, yes.

Mr. MILLER. How many kinds of sulphite are there; is not there what they call bleached and unbleached sulphite?

The CHAIRMAN. Yes.

Mr. NORRIS. And there is sulphite pulp made by various processes; there is one made by the Miesterlich process. I am not sure about the spelling of that word. I will give the matter desired to-morrow.

The CHAIRMAN. I thought maybe you could give us just an idea of what it is.

Mr. NORRIS. There is more; because it is used for many other kinds of paper than the mechanical ground wood. My offhand recollection of what I saw only an hour ago was that there was 1,100,000 tons of ground wood and 1,900,000 tons of sulphite and 500,000 tons of soda pulp.

Mr. SIMS. There is only about 20 per cent—

Mr. NORRIS. I should not give those figures from memory because—

Mr. SIMS. There is only about 20 per cent sulphite used in making print paper.

Mr. NORRIS. That is right; but the sulphite pulp has many other uses; that is, in book paper and others—no, not books—possibly some, too.

I also submit report from the Paper Trade Journal of January 9, 1908, stating that operations were resumed on Monday at those mills which were down for the holidays.

The extract follows:

In the absence of a heavy demand from consuming interests dealers are taking advantage of the market quietness by withholding stock orders from the mills for the time being. Operations were resumed on Monday at those mills which were down over the holidays. In most cases, however, orders are only sufficient to keep the mills going on part time. The manufacturers were not favored with much new business over the week, but this did not change their opinions in regard to the future extent of the demand for paper. While all grades of paper continue to move in moderation, with the exception of news paper, the latter grade is conspicuous for its continued activity. Next to the movement on news paper the only notable feature of the paper market is the absolute firmness of all prices.

Mr. NORRIS. I also submit a report from The Paper Mill of Saturday, January 18, 1908, entitled "They're happy—And sulphite fiber men have reasons therefor—Want to sing doxology." And the reason for it is that a man named Burgess, who was the largest producer of sulphite pulp in the country, the head of the Burgess Sulphite Company, who had always refused to be bound by restrictions and agreements of sulphite manufacturers, had sold out his interest in the business and had retired, and this described the ecstasy of the Sulphite Pulp Association upon the retirement of this disturber in the regulation of the output of the business.

Mr. RYAN. He was evidently an antitrust man?

Mr. NORRIS. I do not know; he evidently insisted upon making all the sulphite pulp he could all the time. This article among other things says. [Reads:]

The meetings of the sulphite fiber and manila and fiber manufacturers were held yesterday. At these meetings nearly 80 per cent of all the manufacturers were represented. Their sessions lasted nearly three hours, and they voted unanimously in favor of maintaining present prices.

At the meeting of the manufacturers of manila and fiber papers the jobbers and dealers throughout the United States were given to understand that no reduction

would be made for the spring trade. The jobbers can therefore go forth with confidence and advise their customers of the action of the manufacturers, saying to them in all sincerity that there has been a great curtailment of production—in other words, that the mills have shut down parts of their plants to make improvements, cutting down the output and reducing the supplies on hand

This tallies with that letter from the Magnolia Paper Company, submitted yesterday, of the curtailment of 15,000 tons.

Also a paragraph referring to the sulphite pulp manufacturers as doing the same thing:

And since their meeting last month Mr. Harry Price, secretary of the Sulphite Pulp Association and the manager of the Audit Company of New York, has secured a lot of data regarding the condition of the sulphite pulp industry.

[Reads:]

Then all sulphite manufacturers are in a most rejoicing mood because there has been dropped from the sulphite field a competitor who has for the past fifteen years made them keep awake nights and worry in the daytime until they almost sweat blood thinking about what this competitor was going to do next.

Nobody connected with this industry * * * knew what this man was devising, at any particular moment, to humiliate and degrade the sulphite pulp industry. This man with his enormous daily product of nearly four times that of any other individual mill manufacturing pulp exclusively for the market, could do, and did do, all sorts of stunts to satisfy his own personal and greedy ends. This man, thank the Almighty, has sold out and retired, and can you blame us for being so jovial? Why, we all feel like a team of oxen with the yoke lifted off their neck

The full article follows:

THEY'RE HAPPY—AND SULPHITE FIBER MEN HAVE REASONS THEREFOR—WANT TO SING DOXOLOGY—"DERB" IS SURPRISED AT SOME OF THE SIGHTS HE SAW AND THINGS HE HEARD IN NEW YORK HOTELS.

One month ago the paper and pulp manufacturing interests of this country were represented in New York at the various hotels, and I wrote in The Paper Mill at that time that I had never seen such a gathering of practical business gentlemen in New York City at one time before, but they are all here again this week in just as great numbers, if not more so, and it is safe to say that the leading hotels in New York City—the Knickerbocker, Belmont, Waldorf, Holland, etc.—are thickly populated with representatives of this imperial industry.

The meetings of the sulphite fiber and manila and fiber manufacturers were held yesterday. At these meetings nearly 80 per cent of all the manufacturers were represented. Their sessions lasted nearly three hours, and they voted unanimously in favor of maintaining present prices.

At the meeting of the manufacturers of manila and fiber paper the jobbers and dealers throughout the United States were given to understand that no reduction would be made for the spring trade. The jobbers therefore can go forth with confidence and advise their customers of the action of the manufacturers, saying to them in all sincerity that there has been a great curtailment of production—in other words, that the mills have shut down parts of their plants to make improvements, cutting down the output and reducing the supplies on hand.

When you come to look at this in its true light, it is a very wise step the manufacturers have taken in not forcing their product upon the market, for whenever this last is attempted some manufacturers will offer paper at prices lower than others simply to keep their mills in operation full time, regardless of the cost of production. As one paper manufacturer put it to me: "When there are two stages running daily to a certain point, neither one of them carrying half a load, and losing money by so doing, cut off one of the stages and run one stage full." This sizes up the situation in a nutshell. What is the use of running two machines with only enough orders on hand to keep one running?

The manufacturers of manila and fiber paper have got tired of losing money, and now they are in a fair way, with these monthly meetings, to talk over the situation and see how far and fast improvements can be made in the operations of the plants and the distribution of the product.

The sulphite pulp manufacturers are doing the very same thing, and since their meeting last month Mr. Harry Price, secretary of the Sulphite Pulp Association, and

the Boston manager of the Audit Company of New York, has secured a lot of data regarding the condition of the sulphite pulp industry. He has tabulated all the reports from the sulphite manufacturers to whom he wrote regarding the amount of pulp they made since the last meeting, how many contracts were made for sulphite pulp, how long a time they were made for, the prices they received for the pulp, the price it cost them to make it, the amount of wood that they have on hand, and to arrive, and he placed all this information before the meeting to show the exact condition of the sulphite pulp market and industry. Had these facts been gathered earlier the sulphite manufacturers would have been making money instead of losing it.

I never saw such a jubilant lot of men as those who were gathered at the sulphite meeting. They were all in the highest state of exhilaration. I asked one of them why they all felt so happy. "I will tell you, Derb," he replied, "why we are all so jubilant. In the first place, the pulp manufacturers are on the very best of terms with each other. No cutting each other out. No cutting each other's prices, stealing each other's customers by making more inducements by virtue of price or quality. Then all sulphite manufacturers are in a most rejoicing mood because there has been dropped from the sulphite field a competitor who has for the past fifteen years made them keep awake nights and worry in the daytime until they almost sweat blood thinking about what this competitor was going to do next.

"Nobody connected with this industry," continued my informant, "knew what this man was devising at any particular moment to humiliate and degrade the sulphite pulp industry. This man, with his enormous daily product of nearly four times that of any other individual mill manufacturing pulp exclusively for the market, could do and did do all sorts of stunts to satisfy his own personal and greedy ends. This man, thank the Almighty, has sold out and retired, and can you blame us for being so jovial? Why, we all feel like a team of oxen with the yoke lifted off their necks after a hard day's work and turned out in a field of clover. We feel like singing the grand old Doxology, 'Praise God, from whom all blessings flow.'"

DERB.

Mr. NORRIS. Also a report from the Paper Trade Journal, of December 26, 1907, stating that "Until after New Year's day most of the paper mills of the country will be closed down because of the quiet state of the market."

Also (reads):

One feature that stands out prominently in the present dullness is the fact that prices still remain at their old levels. Everything considered, this is a remarkable showing, as a combination of adversity, such as is now afflicting the trade, has seldom been duplicated. If prices can hold in the face of such a financial panic (temporary though it be) and at a time when a gradually slackening demand continues its depressing effect, in the duldest period of the year, then there need be no fear about price cutting in the future.

On the question of prices all the manufacturers are agreed that quotations can not be lowered if business is to be done at a profit. The high price of wood and pulp combines to put this absolutely out of the question.

The full article follows:

A GENERAL SHUTDOWN OVER THE HOLIDAYS.

Until after New Year's Day most of the paper mills of the country will be closed down because of the quiet state of the market. While this is a period of enforced idleness, still the mill owners should not feel aggrieved over it, as most of them had to forego their annual shutdown last summer. As there is usually about a month in each year (all told) when business is pretty slack, the mill owners should consider that they are now getting in one dose what might have been taken in smaller periods under ordinary market conditions.

That the current demand is at a low ebb there is no question, but even in the present poverty of orders there is hope for the future, as the nearer bare bones the dealer and consumer get in their paper supplies the more rapid the recovery, the reason being that the country can not stop using paper, and as there is even now a large consumption going on, nearly all of which is coming out of stock, the time can not be very far distant when stocks on hand will be exhausted. When that happens the mills will again be called upon from all sides and a return of old conditions witnessed.

One feature that stands out prominently in the present dullness is the fact that prices still remain at their old levels. Everything considered this is a remarkable

showing, as a combination of adversities such as is now afflicting the trade has seldom been duplicated. If prices can hold in the face of a sudden financial panic (temporary though it be), and at a time when a gradually slackening demand continues its depressing effect in the dulllest period of the year, then there need be no fear about price cutting in the future.

On the question of prices all the manufacturers are agreed that quotations can not be lowered if business is to be done at a profit. The high price of wood and pulp combines to put this absolutely out of the question. If nothing else had happened to stiffen the market on pulp wood and wood pulp the agitation in Canada for an export duty on logs would have sufficed. A number of other factors have, however, entered into the case.

The labor question, which has been a troublesome and costly one for paper manufacturers, is another factor in the price question. In the increased cost of the three-tour system there is further reason for the maintenance of present prices.

Mr. NORRIS. Also in the Paper Trade Journal of February 6, 1908, there is a section devoted to the organization of trade associations, wherein it indicates the new policies that are prevailing in the paper business, that men are trying in these days to do business, not to "do" their competitors.

Trade associations are both the cause and the effect of these changed conditions. Perhaps it would be more accurate to say that the pressure of unfavorable conditions affecting all alike, has compelled the formation of associations for mutual protection, and that the associations have in turn developed the feeling in confidence and cooperation which constitutes the present day era of good feeling between the two branches of the trade. * * * They seem to have arrived at the conclusion that their interests are identical, not antagonistic. These informal associations have made it possible to correct many abuses in the trade. In February, 1907, the Association of Writing Paper Manufacturers, following the example of the book men, and after consultation with the National Association of Paper Dealers formulated a series of "trade customs."

And so on, describing the trade customs.

ORGANIZATION OF TRADE ASSOCIATIONS.

Recent years have seen a great change in the attitude of business men toward their competitors. The feeling that one's competitor is necessarily a rascal or a cutthroat, ready and willing to do business for the fun of it and prepared to sell his goods at a loss rather than that another should have the business, is getting to be a thing of the past. It is giving place to a feeling of mutual confidence and helpfulness. The time when a customer can work one manufacturer or jobber against another by untrue statements or by facts falsely stated and used is going by. Business men do not hesitate now to call up their competitor and ask him "how about that," and the result usually is profitable and helpful all around. Men are trying these days to do business, not to "do" their competitor. Trade associations are both the cause and the effect of these changing conditions. Perhaps it would be more accurate to say that the pressure of unfavorable conditions, affecting all alike, has compelled the formation of associations for mutual protection, and that the associations in turn have developed the feeling of confidence and cooperation which constitutes the present-day "era of good feeling."

The formation of these associations among both manufacturers and jobbers seems to have contributed to a better feeling between the two branches of the trade. They seem to have arrived at the conclusion that their interests are identical, not antagonistic. These informal associations have made it possible to correct many abuses in the trade. In February, 1907, the Association of Writing Paper Manufacturers, following the example of the book men, and after consultation with the National Association of Paper Dealers, formulated a series of "trade customs." These "trade customs" define what the manufacturer will do and what he can not do in the matter of overruns, light weights, odd sizes, and colors etc., and by establishing a standard makes possible a uniform practice and avoids many misunderstandings. Truth compels us to admit that in the matter of getting together for mutual helpfulness the manufacturers of writing paper have followed rather than led the procession. Perhaps this is only an evidence of New England conservatism. Certainly it is not because there has not been sufficient pressure from untoward circumstances that they have been slow about getting together. The jobbing business is thoroughly organized in every large city, and it also has a strong national association, embracing in its membership nearly every jobbing house in the country.

Mr. NORRIS. Also an article from the Paper Trade Journal of January 23, 1908, headed "Old quotations affirmed," in which it says:

A noteworthy feature of all the meetings held in the past three months by the different associations in the trade has been the omission of all talk about reducing prices.

The full extract follows:

OLD QUOTATIONS AFFIRMED.

A noteworthy feature of all the meetings held in the past three months by the different associations in the trade has been the omission of all talk about reducing prices; not a suggestion to that effect has been made, as far as we know, in any of the gatherings. That there were good reasons within that time for trying to tempt the placing of new business we all know. The manufacturers, however, have learned the futility of such tactics and now wait for the turn of the business tide instead of trying to force sales at a great sacrifice in values.

The meetings of the mill men held last week, reports of which will be found on page 5 of this issue, attest the determination of the manufacturers to maintain prices even if the adoption of a different policy would bring them in a good crop of orders to tide them over till the spring demand asserts itself. In affirming prices and running only on old orders the manufacturers realize that they are simply storing up business for themselves, as it will not be long, on the basis of the present curtailment, before the absolutely necessary routine requirements of the paper consumers will make a big pile of orders. Paper for these needs is now coming out of the reserve stocks of both the consumer and the dealer. There has been but little replenishment of these stocks in the past two months.

Already the reports are coming in which go to show that supplies on hand are very low indeed, as nearly all new business is for small quantities and hasty delivery, two factors that tell their own story as to the meagerness of the stocks on hand. In the face of this literal paper famine the manufacturers would certainly be foolish to lower their prices. As all signs now point to the gradual and healthy revival of trade, a cut in prices would have the effect of checking the revival, as buyers would fight hard to still further bear the market once they were given an opening.

The salvation of the industry is now involved in the price question, and the manufacturers know it. Once started on the decline, there would be nothing to check them, and it would take a long time for the bottom to be reached. To escape bankruptcy, therefore, the mill owners must of necessity show a fixed determination to hold prices regardless of consequences. As above stated, this is the part of wisdom, for but little temporary good would come of any weakness at this time. It is better to let the harvest grow; the crop of orders is accumulating, and soon the paper manufacturers will reap the benefit.

Mr. NORRIS. I have here a clipping from the Paper Trade Journal which is interesting as showing the number of mills of the American Writing Paper Company which shut down "last week"—that is, that "during the past two months from six to twelve of its divisions in and around Holyoke have been down." This statement, without date, purports to give an enumeration of mills which are starting up after having been shut down.

The extract is as follows:

MILLS STARTING UP AGAIN.

As an evidence of the gradual improvement in business with the mills many plants started up again during the week. Among the number are the following:

The Lebanon Paper Company, of Lebanon, Oreg., started up its plant on the 13th instant after a three weeks' shut down for general repairs.

The plant of the Yellow Pine Paper Mill Company at Orange, Tex., resumed operations a week ago after being down for about a month.

The mills of the B. D. Rising Paper Company, of Housatonic, Mass., started up Monday of this week after a short shut down for necessary repairs.

The Smith Paper Company's mills at Lee, Mass., are now on full time again. Several of them have been partly shut down recently for general repairs.

Owing to a rapid increase in new business the mill of the Hartford City Paper Company at Hartford City, Ind., is now on full time again after having been on reduced time for the past month.

The American Writing Paper Company announced last week that all of its mills would probably be put in operation again this week. During the past two months from six to twelve of its divisions in and around Holyoke have been down.

The mill of the Union Bag and Paper Company at Kaukauna, Wis., resumed operations last week, after being shut down for about a month. The mill has sufficient orders on hand to keep it running full for some time. The bag factory of the company at Sandy Hill, N. Y., is now in operation, a large number of machines having been started last week. The mills of the company's Allen division also started last week. The Fenimore mill and mill No. 5 are to resume operations this week.

Mr. NORRIS. Also from the Paper Trade Journal from the last week of 1907.

The extract follows:

TRADE AT LOW-WATER MARK—THE LAST WEEK OF 1907 MARKS THE QUIETTEST PERIOD OF THE YEAR—BUT LITTLE DOING IN ANY LINE—MANY MILLS DOWN OVER HOLIDAYS—PRICES UNCHANGED.

This is holiday week in the New York paper trade, because Christmas Day falling on Wednesday will have a strong tendency to check what little market activity is apt to make its appearance during the closing days of 1907. The passing of the old year will be exceedingly dull for the paper men of New York, because the depression affecting the paper business for some weeks past will undoubtedly be more pronounced, owing to the yuletide observances. The business depression now prevalent in all parts of the country has not only caused a curtailment in the demand for paper, but for all other commodities as well. The jobbing trade expects sales as a whole for the week to register smaller in volume than for any week of the year. This would mean that the last week of the old year will prove to be the dullest in point of new business of the whole year. The dealers are not concerned just now as to the actual extent of their sales, because, as one jobber put it, "there is nothing doing." The jobbers are only interested in winding up their operations for the year, and aside from attending to the daily needs of their customers the chief diversion for the employees of the various paper houses is the inventoring of stock. Most of the mills are securing very little new business, and having run up practically all their old tonnage, the natural result has been a curtailment in production to meet the temporary reduction in the demand. The sulphite manufacturers, also the book and writing paper manufacturers, held a meeting in New York last week to determine upon the best course to pursue over the holidays. It was unanimously agreed by all those present that it would be utterly impossible, and besides inadvisable, to make any change in prices. In view of the slump in the demand, it was thought best to suspend operations at the mills for a week or ten days. The majority of the news mills are nearly all sold up for 1908, and deliveries on this grade of paper continue of average volume. There is little activity on the other grades of paper, with its resultant effect on both the manufacturing and distributing branches of the trade. Under prevailing conditions the manufacturers could not increase business by lowering prices. The only course open to them, and one which they are following, is to reduce the output to meet the present demand. This has prevented any depressing effect on values, and prices on all grades of paper remain just as firm. This is the one strong sustaining feature of the whole paper market which looms up prominently as the old year draws to a close.

Mr. NORRIS. I should have put in the report of that big meeting given in The Paper Mill a statement wherein The Paper Mill referred to news paper not being sold at less than 2½ cents.

The extract follows:

But let me tell you, sir, that in the next six months you will be compelled to trim the wicks on your lights very much oftener, and you will whittle on that big stick very much harder if you buy news paper less than 2½ cents and perhaps more.

Mr. NORRIS. May I slightly change my programme and go on to labor before I take up wood?

Mr. RYAN. Before you do I should like to ask you, you have given us a lot of evidence here in the shape of newspaper clippings and

others about a binding-board combination, wrapping-paper combination, box-board mills, writing-paper mills, sulphite mills, and pulp mills, and other associations of paper manufacturers and pulp manufacturers. Now, will it be advisable for you to make out a clear, concise statement of the connection of those different mills that are not directly engaged in the manufacture of print paper to show what connection they have with the question of print paper?

Mr. NORRIS. Are you restricted to print paper?

Mr. RYAN. No; not necessarily; only that is what you made the principal part of your argument on.

The CHAIRMAN. That is what you are interested in.

Mr. NORRIS. We are especially interested in it, but I supposed while we are at it, and looking at the whole matter of pulp and sulphite pulp as a very considerable item in your proposition, though not so much in ours, that you would welcome information which would at least give you a lead in those directions. That has been the purpose of those things.

Mr. RYAN. My idea was in that direction to get your opinion, because I suppose you know something of it.

Mr. NORRIS. Our view is that we are more or less affected by all of these organizations, that they are all interdependent; that, for instance, the United Box Board Company deals in pulps which affect us to an extent; that all of the mills deal in pulps, and it is like the waves of the sea and the currents of the air, the influences that affect them are manifold, and we can not accurately adjust or describe the percentages which may be apportioned to each. In some cases there are mills on other grades which could make news and have made news on occasions, when it was profitable to make news, instead of that product which they had ordinarily been making. There are paper hangings, and things of that sort, where news machines have occasionally been put on them. So that it would be difficult for us, and I think for any individual, to accurately apportion or adjust the relations of interdependence, or to enable you to apportion them in any intelligent way. I mean all we can show is that they are interdependent and that as respects either their materials or their machinery or their output—

Mr. RYAN. Have those different lines of business raised the price of their product proportionately with the manufacturers of print paper?

Mr. NORRIS. We discussed that the other day; I think you were not here, in connection with the matter of the \$60,000,000.

Mr. RYAN. Yes; I was here; I remember that.

Mr. NORRIS. It was shown there that these raises had been uniform in all these lines.

Mr. RYAN. As I understood you then, it was that the \$60,000,000 did not affect the news-print paper alone; it was the \$60,000,000 raise—

Mr. NORRIS. It was the aggregate of all the raises; not merely the aggregate of all the raises, but of those which were planned.

Mr. RYAN. I do not recollect of any evidence being produced here to show that there was any complaint from the consumers of those other manufactured products. We have nothing to show that there is any complaint on those.

Mr. NORRIS. Have you applied to the Department of Justice? I understand that you will obtain very considerable evidence.

Mr. MILLER. Mr. Ryan asks if there has been any complaint here

Mr. NORRIS. I mean that there has been complaint; but you have not been in existence long enough for anybody to fasten on you.

Mr. MILLER. If we apply at the right place, probably we can get it.

Mr. RYAN. Yes.

Mr. NORRIS. The department-store folks have applied to us for an opportunity to cooperate in proceedings—not here, but in New York—to curb the excessive price of the wrapping-paper people.

Mr. RYAN. Well, now, that is one thing we brought up by asking this question that we did not know before.

Mr. NORRIS. Now, the magazine publishers—

Mr. RYAN. Now, you are getting down to it.

Mr. NORRIS (continuing). Were with the news-print paper publishers in the call upon the President on November 7. You asked me a question that involves more or less of a review of incidents that have occurred within the last six months, and which offhand I can not tell you.

Mr. RYAN. No; but I thought that you would speak of it later on. You know any knowledge which you may have upon this question may be of great assistance to us

Mr. NORRIS. I also gave you the name of a man, Mr. Triest, who had complained.

The CHAIRMAN. Here is a letter which has been referred to me by Representative Diekema.

The letter was read by the chairman, and is as follows:

MASTER BUTCHERS' ASSOCIATION OF GRAND RAPIDS, MICH.,
Grand Rapids, Mich., April 28, 1908.

HON. G. J. DIEKEMA,
Member of Congress, Fifth District Michigan,
Washington, D. C.

DEAR SIR: There is pending in Congress a bill, which has been referred to committee, the purpose of which is to reduce the tariff on wood pulp and print paper.

In connection with this bill I beg leave to call your attention to the item of wrapping paper, the tariff rate of which is considerably in excess of that on print paper, and in which the public is equally interested. Whatever argument can be presented in favor of a tariff reduction on print paper can be made with equal force on behalf of wrapping paper.

I am requested to urge you to use your good offices toward securing the incorporation of this item in the above-mentioned bill and to work for its passage in committee, and before Congress, assuring you that your services will be duly appreciated by the great body of retail dealers of our country and the still greater army which constitutes the consuming public who I believe will be benefited should the tariff be so changed.

Very truly, yours,

W. J. KLING,
President Grand Rapids Master Butchers' Association
and Member of the National Grievance Committee,
United Master Butchers' Association of America.

Mr. STAFFORD. If I may interpolate right here, I received a letter from the general secretary of the United Butchers' Association requesting me to protest against the increase and raise in wrapping paper, and the officer wrote at the instance of the national council, asking me, as he was a constituent of mine, to present that subject for the attention of the committee.

The CHAIRMAN. Any proposition to take the tariff off of any article will always bring forth grievances.

Mr. SIMS. What is the duty on wrapping paper?

Mr. RYAN. Mr. Chairman, before you leave that other question, I have here two letters, quotations on pulp pie plates, one dated Newark, N. Y., April 25, 1908, from Bloomer Brothers Company, the other dated New York City, April 25, 1908, the same date, signed William P. Sandford Manufacturing Company. The letters are identical; seem to have been printed at the same time, same kind of paper, and quote prices identically the same.

I should like to submit them; they were handed to me by a Member of Congress.

The letters referred to follow:

NEWARK, N. Y., April 25, 1908.

QUOTATIONS ON PULP PIE PLATES.

By agreement of the manufacturers the list prices for pulp pie plates have been changed to the following:

	Per M.		Per M.
5-inch	\$3. 10	8-inch	\$3. 70
6-inch	3. 30	9-inch	4. 20
7-inch	3. 50	10-inch	5. 00

From these list prices we are pleased to quote you a discount of 50 and 5 per cent in less car lots, and a discount of 50 and 10 per cent in car lots, 24,000 pounds minimum. Terms are 2 per cent ten days, thirty days net. Plates are packed in paper, 500 to a bundle. When packed in wooden crates, 10 cents per M extra. No orders will be accepted for less than 15,000. Actual freight will be allowed to all points on and east of the Mississippi River, including Minneapolis and St. Paul, Minn.

BLOOMER BROS. COMPANY.

NEW YORK CITY, April 25, 1908.

QUOTATIONS ON PULP PIE PLATES.

By agreement of the manufacturers the list prices for pulp pie plates have been changed to the following:

	Per M.		Per M.
5-inch	\$3. 10	8-inch	\$3. 70
6-inch	3. 30	9-inch	4. 20
7-inch	3. 50	10-inch	5. 00

From these list prices we are pleased to quote you a discount of 50 and 5 per cent in less car lots, and a discount of 50 and 10 per cent in car lots, 24,000 pounds minimum. Terms are 2 per cent ten days, thirty days net. Plates are packed in paper, 500 to a bundle. When packed in wooden crates, 10 cents per M extra. No orders will be accepted for less than 15,000. Actual freight will be allowed to all points on and east of the Mississippi River, including Minneapolis and St. Paul, Minn.

WILLIAM P SANDFORD MANUFACTURING CO.

The CHAIRMAN. I think it would be a grievous shame to keep the price up high on pie plates. That is striking a blow at a sacred industry.

Mr. NORRIS. That is a hit right at the belt.

Mr. STAFFORD. It is below the belt.

Mr. NORRIS. I will undertake as a part of the presentation here to show how you can revise piecemeal without doing any great injury to any other industry; that is why there is urgency so far as the newspapers are concerned, and why this apparent discrimination can be justified; in other words, how you may "save your face" if you have a disposition to do it.

Mr. RYAN. You are going to do that?

Mr. NORRIS. I am going to do that.

Mr. RYAN. I want to ask you the same question which I asked the other gentleman this morning. Do you believe, that if it can be shown the same condition exists with regard to news-print paper and wood pulp exists with regard to any other duty. in any other business—

Mr. NORRIS. Absolutely not?

Mr. RYAN. Permit me to finish my question. If it can be shown that the same conditions exist with regard to any other business, do you believe that the tariff ought to be removed from that commodity to protect the other people from annihilation?

Mr. NORRIS. I will not answer any general question of that character in the affirmative, because I may seriously question whether the conditions are identical.

Mr. RYAN. I only said, if the conditions are.

Mr. NORRIS. I should not like offhand to concede that those conditions are.

Mr. RYAN. I did not ask you to concede that; pardon me. I just wanted to know if the conditions were the same ought the tariff to be reduced, or taken off entirely, providing the conditions were the same with regard to any other industry, assuming that everything you say is true with regard to the wood-pulp print paper?

Mr. NORRIS. I think I can satisfy you that the condition in respect to newspapers is unique, and therefore you would be entirely justified and would act in perfect good faith to the others in making that discrimination.

Mr. RYAN. You do not care to answer the other question as to whether or not, if there was any other condition—

Mr. NORRIS. No; I think that is too broad; it involves too many possibilities.

Mr. SIMS. Mr. Chairman, believing as I do about protection, that we should have no duty levied which has no other end in view than protection, I am willing to revise the tariff by piecemeal or wholesale.

The CHAIRMAN. From your point of view, do you not think it would be advisable to have some tariff on wood pulp and print paper as a matter of revenue?

Mr. SIMS. From the amount that is brought in, it does not seem to afford much revenue.

The CHAIRMAN. There is a considerable amount being brought in now.

Mr. NORRIS. When that tariff was put on, in 1897, there was not a particle of news-print paper being brought into the United States, and therefore it was not a saving of one cent of revenue. It could not have saved one cent of revenue if it had been wiped out.

The CHAIRMAN. Mr. Sims is inclined to be for a revenue tariff. Now, it is developed that there is considerable revenue from this article. On that principle he would want a revenue tariff on it.

Mr. SIMS. My further theory is that even a revenue tariff should be levied upon articles of luxury, not of necessity, and regarding the newspaper—the cheap newspaper—as an article of necessity, in which the poor are very greatly interested—

Mr. NORRIS. I agree with you.

Mr. SIMS. I should be willing to lean in that direction even at the sacrifice of revenue.

Mr. RYAN. I am opposed to a tariff for the benefit of some trust in this country, enabling it to advance prices arbitrarily, but I believe that the same rule that applies to the newspaper wood pulp or anything of that sort, applies to every other commodity; that the principle if good in one place is good all along the line.

The CHAIRMAN. There might be a difference in circumstances.

Mr. RYAN. But my question was as to whether the circumstances were the same where the conditions were the same, where a trust was reaping a benefit, charging exorbitant prices by reasons of the benefits given to them by the tariff where they were not entitled to consideration.

Mr. NORRIS. I doubt if there be any other articles or any other convenience that you can bring upon the same footing; and I expect to go into that as an incident to another demonstration. I do not want to anticipate my presentation in that direction.

The CHAIRMAN. No; you may proceed with the labor proposition.

Mr. NORRIS. The president of the American Paper and Pulp Association, in justifying the action of the paper men in increasing prices, has said that labor had increased 50 per cent by reason of the adoption of the three-tour system instead of the two-tour system, whereby three men were employed twenty-four hours a day, whereas formerly two men had been employed; and that this meant an increase of 50 per cent in the cost of labor. Mr. Dillon took substantially the same view, and Mr. Burbank took the same view, but Mr. Lyman in his statement did not express it quite in that way. He said that the labor was receiving 35 or 40 per cent more—I am not clear about the figures, it may have been 33 per cent—35 or 40 per cent more than it had received ten years ago.

I have here a proof copy of the agreement purporting to have been made by the International Paper Company with its paper workers in 1906.

The CHAIRMAN. What are these, copies of agreements?

Mr. NORRIS. This is a copy of an agreement furnished to me from the State bureau of labor.

The CHAIRMAN. Can you inform us, first, whether most of the labor in the paper mills is what is called union labor?

Mr. NORRIS. I have very interesting data on that.

The CHAIRMAN. Well, generally.

Mr. NORRIS. I will show the reports of New York State, where a considerable output of the International Paper Company is, showing the reports of all the organized wage-workers in New York State, and all organized labor of every class. And I will show you that the paper worker is paid less per week than any other single occupation reporting to the bureau of labor in the State of New York.

Mr. RYAN. How recent is the report; you have the last report?

Mr. NORRIS. It is the last that was out, in 1906, but it gave all of them, and it was supposed to be comparative.

Mr. RYAN. Have you the report for 1907?

Mr. NORRIS. I understood it would not be out until June of this year. I made inquiries and got the latest that could be obtained. I will furnish this to you.

The CHAIRMAN. What is it a report of?

Mr. NORRIS. This is a report of the New York State department of labor, the bureau of labor statistics. It is merely an incident in the story that I will tell on labor in connection with the paper mills.

I want first to demolish this claim that the labor cost for paper has increased 50 per cent. I submit a copy of the International Paper Company's agreement, as it appeared in the New York Labor Bulletin for the month of September, 1906.

Mr. RYAN. This is an agreement with whom, Mr. Norris?

Mr. NORRIS. Suppose I read to you all that this says. It may be quite important.

The CHAIRMAN. This is a very important branch of the subject, of course, and you had better go into it quite fully.

Mr. NORRIS (reads):

INTRODUCTION OF THE EIGHT-HOUR DAY IN THE PAPER INDUSTRY.

Of all the manufacturing industries of New York the paper industry has heretofore maintained the longest schedule of working hours. As the paper mills are kept in continuous operation and there have been only two shifts, the paper and pulp workers, constituting a majority of the employees, have worked an average of twelve hours a day (strictly speaking, eleven hours on the day shift and thirteen hours on the night shift in alternate weeks), while machinists, carpenters, and other craftsmen worked the regular ten-hour day. On the 1st of September, however, the International Paper Company, the largest employer of paper makers in this State, began the substitution of 3 shifts or tours of eight hours each in place of 2 tours, and of a nine-hour schedule for the regular day workers. The change was agreed upon at a conference between the company's officers and representatives of its employees (officers of the paper makers, carpenters, and machinists' unions), held at the company's office in New York City, July 25-27, and was contained in the following proposition submitted by the company:

"1. The International Paper Company declares itself as favoring the system of three shifts for tour workers in paper mills having sufficient raw material to supply the paper machines running not less than six full days each week and equipped with the modern machinery necessary to operate the system with profit.

"2. We propose to put the three-tour system into operation in such plants starting with one paper mill upon the first Monday of September, 1906, and continuing with one mill upon the first Monday of each month thereafter.

"3. Upon June 1, 1907, if any paper mills remain upon the two-tour system which can operate upon the three-tour system with profit, such mills shall be changed to the system of three tours within a reasonable time thereafter.

"4. Under the system of three shifts for tour workers employees shall work eight consecutive hours upon each shift; shifts shall alternate in sequence weekly, the change in tour coming at 7 a. m., 3 p. m., and 11 p. m.

"5. The usual running time of the paper machines will be from 7 a. m. Monday morning until 7 a. m. Sunday morning, a period of six days of twenty-four hours each. In case of accident or because of some other adverse conditions beyond our control, paper machines may be run six and a half days per week, the starting time being 6 p. m. Sunday, such running to be decided upon by conference with the New York office.

"6. The hours of operating pulp mills shall be determined by the pulp situation. Pulp mills are to run six and a half days each week when their output is needed, and when mutually agreeable to superintendent and employees pulp mills may be run the seven full days of the week.

"7. All employees to be paid weekly at established rates per hour for the number of hours worked, straight time to be paid for overtime, and for work between 7 a. m. Sunday and 7 a. m. Monday. The new hourly rate of each employee is to be determined by multiplying his present rate by 65 (his present week) and dividing the result by 48 (his new week), same carried out into three decimals.

"8. There shall be no strikes or lockouts. All matters of dispute shall be adjusted in conference; all parts of the mill during any conference are to be kept running to their full capacity.

"9. The paper company reserves absolutely the right to discharge any employee because of inefficient service, refusal to obey the instructions of a superior, willful disregard of the company's interest, or the doing away with a position which any man may fill.

"10. It is the policy of the company to operate its plants as economically as possible. In order to partially offset the great increase in cost due to the three tours, an effort will be made in each department of each mill to reduce the crew to the most reasonable

basis. We shall expect our employees to lend their cooperation in accomplishing these results. When any reorganization occurs, employees will be expected to perform to the best of their ability any new and different duties assigned to them. It is expected that each employee shall devote himself exclusively to his work while in the mill.

"11. We propose to adopt for all mills upon the first Monday of September, 1906, a nine-hour day for day workers, men to receive the same wages for the nine hours as they are now receiving for ten hours, the hours being from 7 a. m. to 12 noon and from 1 p. m. to 5 p. m., six days each week."

Mr. RYAN. The method which you quote there for arriving at the new wage scale for the men, does that provide for pro-rata increase in the wage? It was some mathematical method, which I did not quite get.

Mr. NORRIS. It was simply that their pay was increased as 48 is to 65.

Mr. STAFFORD. Then I understand that contract——

The CHAIRMAN. You mean it was on a basis of figuring their former pay at 65 hours a week, pay them more per hour, or how was that; let us see.

Mr. NORRIS. I will read that again:

The new hourly rate of each employee is to be determined by multiplying his present rate by 65 (his present week) and dividing the result by 48 (his new week), same carried out into three decimals.

Mr. RYAN. That would be quite an increase?

Mr. NORRIS. Oh, that would be an increase of approximately 35 per cent—very close to 35 per cent; mark you, in the first place, 35 per cent, not 50 per cent; that is the first point; the next point is that it does not apply to all of the paper mill employees, that——

The CHAIRMAN. What does it apply to?

Mr. NORRIS. It applies to a proportion.

The CHAIRMAN. What class of employees?

Mr. NORRIS. Suppose I read.

The CHAIRMAN. It must be based upon sixty-five hours a week.

Mr. NORRIS. Let me read, and I will then illustrate to you what it does mean.

I read to the end of the agreement; and here is what the bulletin says about it, this having some information which will help you in establishing what was the increase, though the best evidence, of course, will be the company's own books. [Reads:]

As will be observed, this agreement provides for a reduction of the weekly hours of tour men from sixty-five to forty-eight, and of day workers from sixty to fifty-four, without any reduction of wages.

The CHAIRMAN. I do not quite see how you make tour men sixty-five from seventy-four. Some of them work thirteen hours a day.

Mr. NORRIS. Where they work thirteen hours a day, and that is really thirteen hours a night, they work five nights, which would make sixty-five hours.

Mr. RYAN. Oh, yes; get off Saturday night and Sunday night.

Mr. NORRIS. And the men who work in the daytime work six days of eleven hours each, which makes it sixty-six hours for the day workers; they work six days of eleven hours, and the other men work five nights of thirteen hours each, so that the day men work sixty-six hours a week and the night men work sixty-five hours a week.

The CHAIRMAN. That would be only five and one-half days in the week.

Mr. NORRIS. That power plant and that investment, whatever it was, was turning out only for five and one-half days of work.

The CHAIRMAN. I thought you were talking there about six and one-half days in the week all the time

Mr. NORRIS. The Bulletin says—

As will be observed, this agreement provides for a reduction of the weekly hours of tour men from sixty-five to forty-eight and of day workers from six to fifty-four, without any reduction of wages.

This means substantially an increased cost, if they did the same work per hour, of 10 per cent.

The latter change was made in all the company's mills, 32 in number—

That is, the change of the day workers from sixty to fifty-four, without any reduction of wages—

on the first Monday of September, while the three-tour system is to be introduced in one mill at a time within the period from September 1, 1906, to June 1, 1907. The first mill to obtain the shorter hours was that at the Palmer Falls, where about 500 men are employed, of whom 200—

That is 40 per cent—

are tour workers. On October 1 the change will be made in the Glens Falls, and on November 1 in the Fort Edwards mill.

The three-shift system has been adopted in mills owned by other companies, and within a year is likely to be in general force throughout the paper industry of this State.

The CHAIRMAN. You spoke of the Glens Falls mill. I have a letter here purporting to be signed by Timothy Healy, president of the International Brotherhood of Stationary Firemen, purporting to give the pay-roll digest of the steam-plant system.

Mr. NORRIS. Of what?

The CHAIRMAN. Of the Glens Falls mill and Fort Edwards mill.

Mr. NORRIS. May I look at it?

The CHAIRMAN. Certainly.

Mr. NORRIS (after examining document). It is not necessary to put that in now; it would break in on my demonstration.

The CHAIRMAN. No; I thought you would like to make some comment on it; that is all.

Mr. NORRIS. I will later on, and I will show how utterly immaterial that is in connection with the demonstration which I am going to make.

Mr. SIMS. What is meant by tour workers?

Mr. NORRIS. A tour, as I understand it, is a shift. I think in the paper mills they call it a "tower." It is the time that they are on—the shift.

Mr. RYAN. One man remains at work until his relief comes, which is twelve hours or eight hours, or whatever it may be.

Mr. NORRIS. Yes; where it is two tours it means twelve hours a day for each set or crew, to make up the twenty-four hours; and for three tours work, three sets of men working each eight hours, to make up the full twenty-four.

Mr. SIMS. Only about 40 per cent of the total employees are thus classed. Is that true?

Mr. NORRIS. That is the next point I am coming to; that, as a matter of fact, so far as the three-tour system is concerned, the relation between forty-eight and sixty-five is at the outside only an increase

of 35 per cent, not 50, as Mr. Cowles said, and in the next place, it applied only to about 40 per cent of the workers, and therefore it is only a percentage of a percentage, and it is 40 per cent of 35, plus the 10 per cent on the other—not on the other 60, but on those workers, the carpenters and others, who are put on that day shift.

Mr. RYAN. What about the other men, the other sixty; you have have not given us any data as to the hours they were working, or what the conditions were concerning their employment?

Mr. NORRIS. They were working ten hours, and under this agreement are changed to nine hours.

Mr. RYAN. Nine hours, with an increase of 10 per cent a day?

Mr. NORRIS. No, no increase; it is a reduction in time. If these men could do as much work in nine hours as they formerly had done in ten, there would be no particle of increase in the labor cost.

Mr. RYAN. Yes; but if a man is working a ten-hour day and his hours are reduced to nine, and he receives the same pay as for ten, isn't that an advantage to the worker both in time and in money?

Mr. NORRIS. We are not discussing that.

Mr. RYAN. No, but that is the condition, I say. Isn't that what you show here?

Mr. NORRIS. It is.

Mr. RYAN. I am interested in the labor end of it, understand.

Mr. NORRIS. I understand; the labor end of it is this: That a man works one hour less in the day, thus gaining an advantage of 10 per cent in time.

Mr. RYAN. Yes.

Mr. NORRIS. If he only does nine-tenths of the work which he formerly did, then under the new arrangement the reduction to nine hours correspondingly increases the labor cost per ton of output. But the only test of that is the increased labor cost per ton of output.

Mr. RYAN. Yes; but that particular man, that particular employee, is receiving ten hours' pay for nine hours' work, as measured by his former employment before this change?

Mr. NORRIS. That is right.

Mr. RYAN. Well, then, that is an advantage to the worker?

Mr. NORRIS. This is an advantage to the worker; I am not denying that.

The CHAIRMAN. You made a statement a moment ago, as I understood—

Mr. NORRIS. I have not finished with my demonstration.

The CHAIRMAN. I understand; but about this particular thing—that the increase in wages was only 35 per cent for the three-tour system over the two-tour system—how did you figure that out?

Mr. NORRIS. Take it as 48 to 65; that is an increase of how much? It is a decrease of seventeen hours, is it not, in the work?

The CHAIRMAN. Is your calculation as to increased cost made, then, on the supposition that the increase of wages is 35 per cent applied only to 40 per cent of the employees?

Mr. NORRIS. That is leading up to my demonstration; I have not yet given you all of it.

The CHAIRMAN. That is the statement a moment ago?

Mr. NORRIS. That is right; and that applied to only 40 per cent of the workers.

The CHAIRMAN. Your calculation apparently omits all reference to increased number of employees; you do not seem to have considered at all the fact that the three-tour system presumably requires 50 per cent more employees upon the tours than the two-tour system does.

Mr. NORRIS. Oh, I have. You get it down to the number of hours worked per week, and you will find there is an increase of but 35 per cent.

The CHAIRMAN. Well, so far as the——

Mr. NORRIS. Now, because you increase the number of hours——

The CHAIRMAN. The 48 and 65 do not make 35 per cent?

Mr. NORRIS. What does it make?

The CHAIRMAN. It makes an increase of only a little over 30 per cent.

Mr. SIMS. Let me ask this question in order to understand it——

Mr. RYAN. The particular machine is working the same number of hours, twenty-four hours a day, but it takes three men to do it. They are paying now the extra 35 per cent in wages, as I understand it, for the twenty-four hours' work.

Mr. NORRIS. No; they are not paying a cent more to the men than they paid before. They are simply working less hours.

Mr. RYAN. But the third man comes in.

Mr. STAFFORD. If one-third of the day's labor that was formerly performed by two men is now being performed by another set of men, for which they were not before obliged to pay, but which they are now obliged to pay, as additional compensation, which you have not as yet estimated in the increase of wage salary——

Mr. RYAN. That is one-third increase all around?

Mr. NORRIS. No; it is not one-third increase all around.

Mr. STAFFORD. So far as the tour men are concerned.

Mr. SIMS. Mr. Norris, let me ask you this question: In figuring the labor cost to the mills per ton, does it make any difference whether the work on a ton is done by 2 men, 3 men, or 20 men?

Mr. NORRIS. Absolutely not a particle. A solution of this will come——

Mr. STAFFORD. What I am driving at——

Mr. NORRIS. There is a very easy solution of the whole business, and that is in ascertaining from these people the labor cost of output, and you get the whole question settled as to whether the labor cost has increased 50 per cent or not.

Mr. SIMS. Or how much it has increased?

Mr. NORRIS. Or how much it has, if at all.

Mr. STAFFORD. We are pointing out wherein you fail, because you did not take into account a very material item of the increased compensation that was necessary for the additional shift of men that would require that additional salary.

Mr. NORRIS. I will present it to you with a formulation showing the total number of hours worked there, which covers your three shifts, whether the two shifts of twelve hours, or one of eleven and one of thirteen, five days. In that you will find that for the week they were under one arrangement getting one hundred and thirty-one hours work in the mill, and in the other one hundred and forty-four hours' work in the mill. That is, in one case you are working six

days of twenty-four hours, three tours, making one hundred and forty-four hours—

Mr. RYAN. Each man is working forty-eight hours a week.

Mr. NORRIS. In the other case your mill is working 5 times 13, which is 65, and 6 times 11, which is 131 hours, so that the mill has gained there thirteen hours in the time of operation. I will get back to that when I make some other demonstration here. Here is another phase of it which will still further diminish the item of increased cost of labor. This is from the Paper Trade Journal, anniversary number, describing the conditions in paper mills during the last ten years. In the ten years the width of paper machines has increased from 100 to 120 inches to 150 to 160 inches; the speed of the machine has also been increased from 350 to 400 feet per minute to 500 to 600 feet per minute. Instead of a product of 20 tons in twenty-four hours in 1897, the paper machine to-day is capable of producing 50 tons. The width and feet of the big machines are really the most important mechanical improvement of the decade.

Mr. RYAN. Here is a simple way to figure out that wage question. I just want to do this to satisfy myself. I want the floor just a second. A man is working six days a week at twelve hours a day, receiving \$2 for each trick of duty, which is \$12 a week. A man working beside him receives the same, which is \$2 more; that is \$24 a week.

Mr. NORRIS. That is for working the one hundred and thirty-one hours; just bear that in mind.

Mr. RYAN. In the other case there would be three men working six days of eight hours each at \$2, and they would receive \$36; an increase of \$12 in each week that the men would receive.

Mr. NORRIS. No; it does not work out that way. It is purposely framed in here just to guard against that very thing, to the extent that you diminish your number of hours. When you increase the number of hours of work per week from one hundred and thirty-one hours to one hundred and forty-four hours you are affecting that proposition. Under the two-tour plan that mill only works one hundred and thirty-one hours; under the three-tour plan it works one hundred and forty-four hours, doesn't it?

Mr. STAFFORD. But granting that there is to the benefit of the manufacturer that excess thirteen hours of the employment of the machinery—

Mr. NORRIS. That is, 10 per cent.

Mr. STAFFORD. Nevertheless, you have not in your demonstration taken into account the excess payment that the employer is obliged to make for that additional shift of men each day.

Mr. NORRIS. I have not finished my demonstration.

Mr. STAFFORD. Oh, I thought you had.

Mr. NORRIS. Oh, no.

Mr. SIMS. He hadn't got to that.

The CHAIRMAN. Even though you have not finished your demonstration, the fact that they work more hours a week, it seems to me, cuts no figure at all on the demonstration so far as you have got it, because you are figuring it entirely upon the pay per hour.

Mr. NORRIS. I am not.

The CHAIRMAN. Well, you—

Mr. NORRIS. All I am going to ask you to do is to figure upon the labor cost per ton of output, which is absolutely the controlling

factor in the whole proposition. They are justifying the increase of \$12 per ton in the statement that the labor cost of the business has increased 50 per cent. Now, I am going to show you how much they are paying their men per ton of output, and even if their 50 per cent were true it would not justify it, because the labor cost is between seven and eight dollars per ton. Your census figures will show that.

Mr. RYAN. My purpose in going into that in detail was to find out about short-hour workday and the wage paid; I was interested in that, not because of the fact that you wanted to bring it out in this demonstration, but I wanted to find out—

Mr. NORRIS. All that involves so many convolutions and so many percentages and so much discussion, that you will get down to the other proposition, if you will bear with me.

Mr. RYAN. I am for an eight-hour workday and good wages.

Mr. NORRIS. I am not raising any point upon any such thing.

The CHAIRMAN. I want to increase the wages 10 per cent a week every week of the year.

Mr. NORRIS. I am preparing to show you, or to induce you to satisfy yourselves, that the labor cost has not been increased, and that the three-tour plan has not brought all this burden of increase and expense which has been attributed to it.

Mr. RYAN. To that we will patiently listen.

Mr. NORRIS. You will recall that there were special references to other phases, to the fact of employees doing whatever work they were told to do, and certain rearrangements. I want to call your attention to the fact that "while no attempt had been made to reduce the help on the paper machines, as a result of this substitution of the three-tour system for the two-tour system in the preparation of stock which takes place in what is called the beater room, there has been an improvement in machinery in some plants which provide for the stock being handled by machinery where formerly it was handled by hand; or, in other words, where the stock was formerly dry it is now transferred to the paper machines in liquid form, requiring no manual labor, and in this way part of the manufacture has been accomplished with a less number of men in some plants in changing from the long to short day's work. On the two tours the mill runs generally about six days and five nights per week, while on the three tours the mill will run six days and six nights per week, so that the extra time of running the plant and the production turned out will more than"—this is a statement which I get as a result of inquiry among the wage-workers themselves.

The CHAIRMAN. I wish you would repeat those figures about the number of hours and days.

Mr. NORRIS. On the two tours the mill runs generally about six days and five nights per week—that is, one hundred and thirty-one hours per week, 6 eleven-hour and 5 thirteen-hour days, making one hundred and thirty-one hours a week.

The CHAIRMAN. Six days and five nights?

Mr. NORRIS. Six elevens are 66 and 5 thirteens are 65, total 131. While on the three tours the mill will run six days and six nights per week, which is one hundred and forty-four hours, an increase of thirteen hours, substantially 10 per cent in the increased capacity of the mill. So that the extra time of running the plant and the production turned out will more than pay for the labor required for the extra

time; and it does not require 50 per cent more for labor for the reason that the repair crew is always about the same. This also applies to the finishing department and to other parts of the mill. As for the raw material, such as the ground wood and sulphite departments, it is the result of discussion and inquiry among the wageworkers that in some ground-wood mills the men will grind more pulp in working eight hours than while working the longer day, usually eleven or thirteen hours, for the reason that the men are more fitted and become more efficient in this line of work; and considering the enormous horsepower required to grind the wood it is considered that a company can grind more wood in almost every instance on the three-tour system than on the two tours. As against their rent, fixed charges, etc., which are no greater on the three-tour than on the two-tour system, taking the case as a whole, and considering the paper and pulp that enters into the manufacture of paper, the three-tour system has not been a hardship to the manufacturer, and the efficiency of the men working on the three tours offsets the extra cost on its products.

Mr. RYAN. That is a fine argument for eight hours.

Mr. NORRIS. I am not asking for eight hours or twelve hours. I am simply asking for the absolute test of the result as shown by two items, the total of the pay for manufacturing and repair in the mill and the total number of tons produced.

Mr. RYAN. It is a good argument for both.

Mr. NORRIS. I know, but there in the one figure we get the crucial test of the accuracy of Mr. Cowles, or Mr. Dillon, or Mr. Burbank, or Mr. Lyman. Either the three-tour system has increased 50 per cent or it has not, and it can be shown merely by those figures, and I challenge them to produce figures that will show anything of the sort.

Mr. SIMS. After all, your statement of what is the increased cost per ton of output is the true and proper basis to determine this matter on?

Mr. NORRIS. Yes, sir. Now, further, all the mills are not on three tours, which materially affects the proposition. I do not know whether Mr. Cowles is or not. Here is a report from the Paper Mill of September 28, 1907. that the St. Regis is back to two tours. This dispatch says [reads]

WATERTOWN, N. Y., *September 23, 1907.*

The adoption of the three-tour-eight-hour shift does not seem to meet the views of all the mills. Within the last month the Aldrich Paper Company put the system in force, but on account of failure to produce as anticipated the St. Regis Paper Company, which adopted the system, has gone back to the two-tour shift.

Mr. RYAN. Evidently they do not all appreciate the fact that they were getting more work out of their mill with the three men.

Mr. NORRIS. Possibly not.

The CHAIRMAN. They do not quite agree with you, then?

Mr. NORRIS. What is that?

The CHAIRMAN. I said they do not agree with you, then.

Mr. SIMS. I do not understand you to contend that there was absolutely no increase of cost for labor cost, but not as much as claimed, is that correct?

Mr. NORRIS. I do not pretend to know what are their figures. I say that, applying these percentages upon percentages, and considering the gains in the productivity and capacity of the mill [at this point the buzzer sounded], there has not been any increase in the labor cost

per ton of paper produced to justify any of the claims made by any of the paper men, or to justify any such increase in price as they have planned to make, and as they have enforced in many many instances.

The CHAIRMAN. I see in the Paper Trade Journal of March 12, 1908, an article giving the reasons for abandoning the three-tour system.

Mr. NORRIS. I have it right here for you.

The CHAIRMAN. You have a copy, have you; well, then, we will not take it up.

Mr. RYAN. One way to determine that question would be to have the pay roll and the books of the company, to ask the companies to furnish the figures of the amounts of their pay rolls for manufacturing and repair labor per ton of product.

The CHAIRMAN. Would you be willing—of course we might not be able to require them to do that—but would you be willing also to produce the books of the New York Times to show what profits they are making?

Mr. NORRIS. This is not a profit; and this is not an inquiry of a protected industry, protected by the tariff. You have taken—

The CHAIRMAN. I ask you the question—

Mr. NORRIS. You have taken care that every industry which supplies us shall be protected, and nourished, and fed at our expense, and we are left bare to the winds.

The CHAIRMAN. Supposing they ask us to request you to produce figures as to the business of the New York Times; would you have objection to it?

Mr. NORRIS. Yes

The CHAIRMAN. Well, it—

Mr. NORRIS. But the case is different, for this reason: They have sent here to Washington Mr. Lyman to publicly proclaim that he is willing to show to you, to the Government, that his increases in cost have been made, and that they justify these increases in price.

The CHAIRMAN. Well, as I understand it, it is a question as to whether one company or the other makes the profit.

Mr. NORRIS. No; it is not.

The CHAIRMAN. You claim that they are charging you too much for paper and making too much profit; you claim that you are paying too much for paper and can not make enough profit.

Mr. NORRIS. No; we are not.

The CHAIRMAN. The buzzer having sounded, we have to go over to the House on a demand for a roll call. We will go until 10 o'clock in the morning, and that will probably end this whole controversy, and we will get further along.

(Thereupon, at 4.45 o'clock p. m., the committee adjourned until 10 o'clock to-morrow morning.)

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,

Saturday, May 2, 1908.

Committee called to order at 10.10 a. m., Hon. James R. Mann in the chair.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—
Continued.

The CHAIRMAN. You may proceed, Mr. Norris.

Mr. NORRIS. May I be permitted to briefly restate the labor formula as preliminary to the other matters?

The CHAIRMAN. Certainly. You were right in the midst of the labor proposition yesterday when we adjourned.

Mr. NORRIS. Yes. I propose to show that in the reduction of the hours by the International Paper Company from sixty-five hours a week to forty-eight hours a week the pay of those workers was increased 35 per cent, and I do it in this way: Assume that the pay of each worker was \$1 per hour, and he worked sixty-five hours a week. The agreement provided that his pay should be determined by multiplying the hourly rate by 65 and dividing by 48, which would give \$1.35 per hour. Therefore the cost per hour in that mill, whether it was one hour or a thousand hours, was an increase from \$1 to \$1.35, or 35 per cent. Secondly, that as that applied to only 40 per cent of the employees, it was only 40 per cent of the 35 per cent, or 14 per cent. Thirdly, that this did not apply to all of the paper mills. Assuming that it applied to half of them, that would make 7 per cent. The labor cost per ton, according to the census report, is from \$7 to \$7.50 per ton, and 7 per cent of \$7.50 is a little over 52 cents per ton, and these people increased the price of paper \$12 per ton because of an alleged increase of 52 cents per ton in the production.

Mr. SIMS. Due to the increase in labor cost?

Mr. NORRIS. Yes. Now you have called upon me for a report of an investigation that I made. There is no use of my delaying that at this time; I mean, I am bound to give it to you.

Mr. SIMS. I was going to ask you when it would suit you to bring in the personal investigation that you made with reference to your own conduct. As I understood it heretofore you had that data which you could file in full. Am I correct about that?

Mr. NORRIS. That is right. I hesitated about giving it to you because it was a matter of confidential relation to the company, but you are bound to get it anyhow, and I might as well give you this particular fact, and the point upon this particular matter.

The CHAIRMAN. We would require it.

Mr. NORRIS. And it is this, that the Hudson River mill was a two-tour system up to the 1st of September, 1906, and a three-tour system after that time. The labor cost for the three quarters of 1907, under the three-tour system, was \$1.13 per ton less than for the first quarter of 1906, and that in spite of these statements of Mr. Cowles, Mr. Burbank, and Mr. Dillon, that the labor cost had been increased; that here is an instance of a mill going from a two to a three tour system, and where the actual cost of labor was reduced \$1.13 per ton.

Mr. STAFFORD. Please state upon what figures you are able to make that statement as to the Hudson River mill; on your own personal investigation, or a published statement?

Mr. NORRIS. My own personal investigation made in the investigation of the audit of the cost of manufacture in that mill, as a part of our contract with the New York Times Company.

Mr. STAFFORD. In that mill also the same scale of increase of pay, on the basis of 65 to 48, was also in force?

Mr. NORRIS. That was the first mill where it was introduced, and that is the mill which is referred to in that agreement as the first one, the mill of the Hudson River, and beginning September 1, 1906, the third quarter of 1906.

The CHAIRMAN. Then the census returns published for 1905 are all based upon the two-tour system?

Mr. NORRIS. That is right.

The CHAIRMAN. Are you able to state what proportion of the mills now have the three-tour system?

Mr. NORRIS. No; I am not. I submitted evidence yesterday of the St. Regis having gone back to the two-tour system, but there is no indication that it dropped its price because of this change in cost. As a matter of fact, we allege that there has been no substantial change in the cost of labor per ton of paper produced.

Mr. STAFFORD. I have followed quite closely your presentation of the schedules of increase, and the way you arrive at your position, that there was but \$1 a ton increase in the wage scale, because this 35 per cent increase that applied only to 40 per cent of the labor employed made but 14 per cent of the total employees, and as the three-tour system extended but to one-half of the mills—

Mr. NORRIS. One-half of the mills ought to bring it down to 7 per cent.

Mr. STAFFORD. Made it but 7 per cent increase of the total labor cost, which, as shown by the census reports, is \$7 per ton.

Mr. NORRIS. Seven per cent of \$7 is 49 cents.

Mr. STAFFORD. Well, in that particular are you not compelled, in order to have your estimates in any way accurate, to consider the total wage scale of the 40 per cent of employees who received this 35 per cent increase of salary, for if these 40 per cent of employees are receiving 90 per cent of the total wages that enters into the cost of labor—

Mr. NORRIS. If they were the high-priced employees?

Mr. STAFFORD. Then your estimate would fail entirely. Your rule only follows in case the salaries of all the employees are the same, and the labor receives a like compensation.

Mr. NORRIS. Relatively the same. I have a complete answer to that in this, that I will show what is the pay of all the labor in the mills, and I will show what percentage of labor is fairly classed as skilled labor. I have that data right here, if you will permit me to

go ahead with my formulation, and I think I will anticipate all of your inquiries.

Mr. STAFFORD. Of course you can readily see that we would have to have such information in order to have your formula in accurate form so as to be accepted.

Mr. NORRIS. My answer to that question is that so far as the aggregates are concerned, without regard to the proportion of mills which are under the two-tour system, the whole figure will show, substantially, \$1 per ton increase, and it will be diminished to the extent as the proportion of mills operating under the three-tour system may compare with the number operating under the two-tour system; and also, I will concede with relation to the comparative pay of these organized wageworkers with all the wageworkers of the mills.

I have the data here, and I will submit it at this time. In the report of the New York State department of labor for the year 1906, the twenty-fourth annual report of the bureau of labor of that State, and I will show that in this report it undertakes to give the employment and earnings of organized wageworkers in the State of New York, and the State of New York is a very good type of the general paper industry because of the very considerable output of that State, it being substantially one-third of the total news-print paper. The earnings are given for the entire quarter, the first quarter of 1906, and it is relatively the same for the first quarter of 1906 as it is for the first quarter of 1908. This table shows the sex, the number of wageworkers reporting, the number idle, the number employed, the days employed, the aggregate earnings, the average earnings per day and for the quarter, and the number who earned less than \$75, those who earned from \$75 to \$149, those who earned from \$150 to \$224, and those who earned \$225 or more during the quarter, which would be at the rate of \$900 per annum, for those earning \$225 or more, or \$18 a week or more. I have compiled from that table a statement of earnings of organized wageworkers in the New York State mills for the first quarter of 1906, beginning on page 234 of that report.

The CHAIRMAN. These are paper mills?

Mr. NORRIS. Paper and paper workers. I have here the division. Following is the statement referred to:

EARNINGS OF ORGANIZED WAGEWORKERS (MALES) IN NEW YORK STATE FOR FIRST QUARTER, 1906.

Building and stone working, etc.....	\$220. 19
(a) Stone working.....	\$247. 27
(b) Building and paving trades.....	245. 98
(c) Building and street labor.....	155. 41
Transportation.....	209. 94
(a) Railways.....	234. 05
(b) Navigation.....	254. 24
(c) Teaming and cab driving.....	174. 23
(d) Freight handling.....	155. 16
(e) Telegraphs.....	162. 51
Clothing and textiles.....	161. 86
(a) Garments.....	159. 41
(b) Shirts, collars, and laundry.....	190. 36
(c) Hats, caps, and furs.....	160. 66
(d) Boots, shoes, and gloves.....	171. 81
(e) Textiles.....	173. 51
Metals, machinery, and shipbuilding.....	212. 36
(a) Iron and steel.....	210. 82
(b) Metals other than iron and steel.....	225. 27
(c) Shipbuilding.....	213. 65

Printing, binding, etc.....	\$251.58
Compositors.....	\$255.89
Electrotypers and stereotypers.....	234.43
Mailers.....	225.89
Photoengravers.....	306.08
Pressmen.....	273.96
Wood working and furniture.....	194.00
Food and liquors.....	184.32
(a) Food products.....	177.76
(b) Beverages.....	190.36
Theaters and music.....	367.26
Tobacco.....	146.96
Restaurant and retail trade.....	175.06
(a) Hotels and restaurants.....	186.11
(b) Retail trade.....	151.56
Public employment.....	223.74
Stationary engine men.....	229.16
Miscellaneous:	
(a) Paper and paper goods.....	143.06
(b) Barbering.....	153.83
(c) Leather and leather goods.....	170.58
(d) Glass and glassware.....	311.78
(e) Cement and clay products.....	200.41
(f) Other distinct trades.....	243.53

The CHAIRMAN. What do those figures show as to the paper mills?

Mr. NORRIS. Paper and paper goods, for the quarter, average earnings \$145.06.

The CHAIRMAN. What do you mean by paper and paper goods, Mr. Norris?

Mr. NORRIS. Just as they are here. I assume that that means paper mills, pulp mills, and products of paper, not printing and publishing, because that is in a separate classification. It might go to box boards, if they were organized. It means merely the organized wageworkers in paper and paper goods.

The CHAIRMAN. By organized labor do you mean union labor?

Mr. NORRIS. Organized wageworkers. I am quoting the language of the report, but of course it means union workers.

The CHAIRMAN. I wondered whether the report would show how far that would cover the labor of women and children in some branches of the trade?

Mr. NORRIS. I differentiated males. This refers solely to males.

The CHAIRMAN. It would include children, I suppose?

Mr. NORRIS. I excluded the females. No, not children—do you mean children employed in the paper mills?

The CHAIRMAN. Well, I do not know whether they are employed in the paper mills or not; I was asking for information as to whether there were any branches of the industry of the manufacture of paper in different forms where they employed a large number of children.

Mr. NORRIS. I do not know.

The CHAIRMAN. I was not familiar with that.

Mr. NORRIS. I do not know. This is substantially paper mills, because it gives the lists of the paper mills from which these reports come—that is, from Glens Falls, Cadyville, Corinth-Palmer, the Hudson River Mills, Mechanicville, Piercefild—it is a list of the unions in the mills, and certainly the children are not organized. It does not refer and can not refer to children.

The CHAIRMAN. You have to testify, in connection with this report, upon which you base your computations of the wages in the

mills and the paper industry, and have you a short table which could be furnished for the record?

Mr. NORRIS. Do you mean of those different totals, the number of wage-earners reporting, the number idle, the number employed, the days employed, the average earnings, the number who earned, etc.?

The CHAIRMAN. Yes, as to this particular industry.

Mr. NORRIS. Yes, that is here, and I will insert this as a part of the statement. It will be found upon page 420 of the report.

Following is the table referred to:

Employment and earnings of organized paper and paper-goods workers.

Trade and locality.	Sex.	Number of wage-earners reporting.	Number idle.		Number employed.				
			Num-ber.	Per cent.	Aggre-gate.	1-29 days.	30-59 days.	60-79 days.	80 days or more.
<i>Fiber workers.</i>									
Lockport.....	Male....	174	2	1.1	172	2	2	168	.....
<i>Paper bag and box makers.</i>									
Rochester.....	Male....	19		0.0	19			19	.....
	Female..	6		0.0	6			6	.....
<i>Paper makers.</i>									
Ballston Spa.....	Male....	29			29			29	.....
	Female..	2			2			2	.....
Corinth-Palmer.....	Male....	69			50			50	.....
Deferiet.....	do.....	50			50			50	.....
Felts Mills.....	do.....	21			21			21	.....
Fort Edward.....	do.....	44			44			39	5
Glens Falls.....	do.....	47			47			47	.....
Gouverneur.....	do.....	12			12			12	.....
Herkimer.....	do.....	18			18			18	.....
Luzerne-Hadley.....	do.....	92	12		80			75	5
Mechanicville.....	do.....	40			40			40	.....
Niagara Falls.....	do.....	62			62			62	.....
Pierceland.....	do.....	31			31			31	.....
Plattsburg.....	do.....	20			20			20	.....
Rock City Falls.....	do.....	25			25			25	.....
Sandy Hill.....	do.....	50			50			50	.....
Ticonderoga.....	do.....	70			70			70	.....
Troy.....	do.....	70			70			70	.....
	Female..	12			12			12	.....
Watertown.....	Male....	51			51			51	.....
Total.....	do.....	801	12	1.5	770			760	10
	Female..	14		0.0	14			14	.....
<i>Pulp workers.</i>									
Cadyville.....	Male....	70			70		47	23	.....
Corinth-Palmer.....	do.....	350			350			165	185
	Female..	9			9			9	.....
Fort Edward.....	Male....	318			318			318	.....
	do.....	214			214			200	14
	Female..	1			1			1	.....
Mechanicville.....	Male....	60			60			60	.....
Morrisonville.....	do.....	77			77			77	.....
Niagara Falls.....	do.....	40			40			20	20
Pierceland.....	do.....	128			128			128	.....
Sandy Hill.....	do.....	215			215			215	.....
Ticonderoga.....	do.....	200			200			200	.....
Troy.....	do.....	34			34			34	.....
	Female..	3			3			3	.....
Watertown.....	Male....	88	2		84			.....	84
Total.....	do.....	1,792	2	0.1	1,790		47	1,440	303
	Female..	13		0.0	13			13	.....
Total—paper and paper goods.....	Male....	2,786	16	0.6	2,751	2	49	2,387	313
	Female..	33		0.0	33			33	.....

Employment and earnings of organized paper and paper-goods workers—Continued.

Trade and locality.	Sex.	Days em- ployed.		Aggregate earnings.	Average earn- ings.		Number who earned—			
		Aggre- gate.	Per cap- ita.		Per day.	For 3 months.	Less than \$75.	\$75 to \$140.	\$150 to \$224.	\$225 or more.
<i>Fiber workers.</i>										
Lockport.....	Male....	12,428	72.3	\$21,236.05	\$1.71	\$123.47	3	118	51	.....
<i>Paper bag and box makers.</i>										
Rochester.....	Male....	1,463	77.0	3,291.75	2.25	173.25	.....	.....	19	.....
	Female..	402	77.0	616.02	1.33	102.67	.....	6	.....	.....
<i>Paper makers.</i>										
Ballston Spa.....	Male....	2,233	.....	4,559.19	2.04	.....	.....	17	12	.....
	Female..	144	.....	180.00	1.25	.....	.....	2	.....	.....
Corinth-Palmer.....	Male....	3,850	.....	9,089.87	2.36	.....	.....	19	15	16
Deferiet.....	do.....	3,800	.....	7,970.88	2.10	.....	.....	32	8	10
Felts Mills.....	do.....	1,512	.....	3,258.00	2.15	.....	.....	13	8	.....
Fort Edward.....	do.....	3,405	.....	8,214.66	2.41	.....	.....	15	18	11
Glens Falls.....	do.....	3,619	.....	9,765.45	2.70	.....	.....	6	21	20
Gouverneur.....	do.....	888	.....	2,062.01	2.32	.....	.....	6	4	3
Herkimer.....	do.....	1,296	.....	2,692.80	2.08	.....	.....	14	4	.....
Luzerne-Hadley.....	do.....	6,109	.....	10,848.19	1.78	.....	.....	57	18	5
Mechanicville.....	do.....	3,080	.....	6,930.00	2.25	.....	.....	30	.....	10
Niagara Falls.....	do.....	4,774	.....	11,668.51	2.44	.....	.....	14	26	23
Piercefield.....	do.....	2,356	.....	4,598.00	1.95	.....	.....	21	6	4
Plattsburg.....	do.....	1,520	.....	2,831.00	1.86	.....	.....	14	4	2
Rock City Falls.....	do.....	1,900	.....	3,743.00	1.97	.....	.....	17	4	4
Sandy Hill.....	do.....	3,800	.....	8,956.60	2.36	.....	.....	22	8	20
Ticonderoga.....	do.....	5,390	.....	11,657.80	2.16	.....	.....	36	20	14
Troy.....	do.....	4,900	.....	8,918.00	1.82	.....	.....	58	12	.....
	Female..	840	.....	769.92	.92	.....	12	.....	.....	.....
Watertown.....	Male....	3,876	.....	7,656.24	1.98	.....	.....	33	12	6
Total.....	do.....	58,308	75.7	125,420.20	2.15	162.88	.....	424	200	146
	Female..	984	70.3	949.92	.97	67.85	12	2	.....	.....
<i>Pulp workers.</i>										
Cadyville.....	Male....	3,849	.....	6,421.80	1.67	.....	21	43	6	.....
	do.....	27,925	.....	45,529.75	1.63	.....	.....	310	40	.....
Corinth-Palmer.....	Male....	603	.....	693.00	1.00	.....	.....	9	.....	.....
	Female..	24,168	.....	43,457.56	1.80	.....	.....	305	13	.....
Fort Edward.....	do.....	16,688	.....	27,401.15	1.64	.....	.....	200	14	.....
	Female..	77	.....	77.00	1.00	.....	.....	1	.....	.....
Glens Falls.....	Male....	4,620	.....	9,240.00	2.00	.....	.....	77	60	.....
	do.....	5,852	.....	10,459.76	1.78	.....	.....	77	.....	.....
Niagara Falls.....	do.....	3,340	.....	5,645.00	1.70	.....	.....	40	.....	.....
	do.....	9,728	.....	18,700.56	1.92	.....	.....	41	87	.....
Piercefield.....	do.....	16,340	.....	28,909.64	1.77	.....	.....	209	6	.....
	do.....	15,200	.....	26,539.20	1.75	.....	.....	200	.....	.....
Ticonderoga.....	do.....	2,448	.....	3,924.00	1.60	.....	.....	32	2	.....
	Female..	216	.....	324.00	1.50	.....	.....	3	.....	.....
Troy.....	do.....	8,496	.....	14,214.70	1.67	.....	.....	6	77	1
	Male....	8,496	.....	14,214.70	1.67	.....	.....	6	77	1
Total.....	do.....	138,654	77.5	240,433.12	1.73	134.32	21	1,463	305	1
	Female..	986	75.8	1,094.00	1.11	84.15	.....	13	.....	.....
Total—paper and paper goods...	Male....	210,853	76.6	390,381.12	1.85	141.91	24	2,005	575	147
	Female..	2,432	73.7	2,659.94	1.09	80.60	12	21	.....	.....

I found that I gave you the wrong reference as to that particular figure. That particular figure refers to the first quarter of 1906, which is to be found on page 322 of the report referred to, while the third quarter of 1906, showing the average earnings per quarter of \$141.91, less than the third quarter, appears at page 420.

Following is the table referred to from page 322 of the report:

Employment and earnings of organized paper and paper-goods workers.

Trade and locality.	Sex.	Number of wage-earners reporting.	Thereof idle.		Number employed.				
			Number.	Per cent.	Aggregate.	1-29 days.	30-59 days.	60-79 days.	80 days or more.
<i>Pulp workers.</i>									
Cadyville.....	Male.....	73	.....	.....	73	.....	3	70	.....
Corinth.....	do.....	350	.....	.....	350	.....	.....	330	20
Fort Edward.....	Female.....	8	.....	.....	8	.....	.....	8	.....
Glen Falls.....	Male.....	300	.....	.....	200	.....	.....	300	.....
Mechanicville.....	do.....	200	.....	.....	200	.....	.....	200	.....
Morrisonville.....	do.....	53	.....	.....	53	.....	.....	53	.....
Niagara Falls.....	do.....	87	.....	.....	87	.....	.....	87	.....
Piercefield.....	do.....	60	.....	.....	60	.....	.....	60	.....
Sandy Hill.....	do.....	30	.....	.....	30	.....	.....	30	.....
Ticonderoga.....	do.....	175	.....	.....	175	.....	.....	175	.....
Troy.....	do.....	180	.....	.....	180	.....	.....	121	59
Watertown.....	do.....	45	.....	.....	45	.....	.....	45	.....
	do.....	83	.....	.....	83	.....	.....	41	42
Total.....	do.....	1,636	.....	0.0	1,636	.....	3	1,512	121
	Female.....	8	.....	0.0	8	.....	.....	8	.....
Total paper and paper goods.....	Male.....	2,662	3	0.1	2,619	1	6	2,360	252
	Female.....	51	.....	0.0	51	.....	.....	37	14

Trade and locality.	Sex.	Days employed.		Aggregate earnings.	Average earnings.		Number who earned—			
		Aggregate.	Per capita.		Per day.	For 3 months.	Less than \$75.	\$75 to \$149.	\$150 to \$224.	\$225 or more.
<i>Pulp workers.</i>										
Cadyville.....	Male.....	5,604	.....	\$8,954.10	\$1.60	.....	.....	73	.....
Corinth.....	do.....	27,260	.....	44,777.10	1.64	.....	.....	340	10
Fort Edward.....	Female.....	616	.....	616.00	1.00	.....	.....	8	.....
Glen Falls.....	Male.....	19,800	.....	39,447.20	1.99	.....	.....	290	10
Mechanicville.....	do.....	15,600	.....	24,277.50	1.56	.....	.....	200	.....
Morrisonville.....	do.....	4,081	.....	7,894.81	1.93	.....	.....	31	22
Niagara Falls.....	do.....	6,786	.....	10,904.40	1.61	.....	.....	87	.....
Piercefield.....	do.....	4,640	.....	8,062.60	1.74	.....	.....	60	.....
Sandy Hill.....	do.....	2,340	.....	4,268.16	1.82	.....	.....	26	4
Ticonderoga.....	do.....	12,210	.....	18,315.00	1.50	.....	.....	175	.....
Troy.....	do.....	14,247	.....	23,119.65	1.62	.....	.....	172	5
Watertown.....	do.....	3,465	.....	6,367.90	1.84	.....	.....	27	13
	do.....	6,914	.....	12,800.02	1.85	.....	.....	37	43
Total.....	do.....	122,947	75.2	209,188.44	1.70	127.87	.....	1,518	107
	Female.....	616	77.0	616.00	1.00	77.00	.....	8	.....
Total paper and paper goods.....	Male.....	199,700	76.3	374,684.10	1.88	143.06	2	2,001	382	
	Female.....	4,181	82.0	5,174.52	1.24	101.46	10	41	.....

The CHAIRMAN. You spoke of the average earnings of \$141.91.

Mr. NORRIS. The third quarter is \$141.91.

The CHAIRMAN. What does that mean? Please state what it means.

Mr. NORRIS. The \$141.91 means a total earnings of \$567.54 for the year, or \$10.94 per week.

The CHAIRMAN. Do you then give the average wage in the paper and paper goods industry?

Mr. NORRIS. Yes; of the union workers.

The CHAIRMAN. In the State of New York and for the third quarter of 1906 the union labor wage was \$10.94 per week.

Mr. STAFFORD. Are you certain that that is union labor? The statement says "organized" labor.

The CHAIRMAN. Very well, say organized labor.

Mr. NORRIS. I will put it either way that seems to you proper.

Mr. STAFFORD. If you know positively that it is union labor, we will accept that.

Mr. NORRIS. Of course it is.

The CHAIRMAN. Have you taken these figures as the basis of your computation, at least in part?

Mr. NORRIS. Do you mean that formulation as to the 52-cent increase?

The CHAIRMAN. No; I mean as to the cost of production of paper, or increase of wages in the paper mills.

Mr. NORRIS. No, sir; there are incidents as showing what that labor is receiving, how well it is cared for by the protected manufacturer.

The CHAIRMAN. But that is a matter of argument. What we are trying to get at is, are these figures thrown in parenthetically, or as a part of the computation which you have made as to the cost of production of paper?

Mr. NORRIS. They are put in as a part of our presentation, to meet the inquiries which Mr. Stafford has made and will make as to the pay of labor in the American mills and the possible pay in Canadian mills. It is merely to help the committee in obtaining the fullest information called for by the words of the resolution of Congress.

The CHAIRMAN. Oh, I know that. I can see that our minds do not meet, or that you evade something. Are these figures a part of a logical sequence, or are they put in simply to show a certain fact, regardless of your own computations elsewhere?

Mr. NORRIS. They are put in to show a fact, which is the pay of the laborers there. It is not necessary to my computation upon the labor cost per ton of paper, if that is your inquiry.

The CHAIRMAN. That is what I wanted to get at, whether it is a part of that computation?

Mr. NORRIS. No; but it is a part of our presentation.

The CHAIRMAN. I understand that; certainly.

Mr. NORRIS. Now, on page 710 of the report previously referred to there is a statement, Table 7, of the rates of wages and hours of labor in each labor organization on September 30, 1906, wherein it undertakes to give the pay, upon the day or the week, as the unit may be, of each class of organized labor in all these establishments. That also, I assume, you want for the purpose of your study. It also gives the average earnings per day and the hours of labor on the first five days and the hours for the week, being in some cases more than the five days. With the committee's permission I will submit that formulation, which covers half of page 710 and half of page 711, also all of pages 712, 713, 714, and 715.

Mr. RYAN. That is of all classes of employees in the mills in New York State?

Mr. NORRIS. Organized.

Mr. RYAN. Whether they be laborers or skilled mechanics, or whatever they may be, they are all included in those tables?

Mr. NORRIS. If they are organized. Shall I describe them to you just as they are entered here?

Mr. RYAN. Not necessarily; I thought perhaps you knew. Because if you figure in the common laborer with the skilled mechanic you get a lower average daily wage rate.

Mr. BANNON. Does that report show whether the laborers are included in with the skilled mechanics or not?

Mr. NORRIS. It gives all organized workers. If the laborers are not organized I do not know whether they are in or not.

Mr. MILLER. Does it give them in classified form?

Mr. NORRIS. It does. If you will permit me, in a few words I can tell you exactly what it covers [reads]: "Beater men, engineers, pressmen, repairmen, fiber sanders, fiber workers, paper-box makers, back tenders, beater engineers, beaters' helpers, machine tenders, third hands, paper-mill workers, back tenders, helpers"—these are all in the paper mill; and then under the pulp mills we have "pulp workers, pulp and paper makers, acid makers, cooks, inspectors, pulp workers, tour bosses, beater men, finishers, pulp grinders, pulp handlers, yard men, and others," which may be considerable or not.

Mr. RYAN. Then you are striking a general average for all of them; is that the idea?

Mr. NORRIS. I am submitting the figures of that department for exactly what they are worth.

Mr. BANNON. Does that include the helpers, the laborers, as well as the skilled workers?

Mr. NORRIS. Yes.

The following are the tables referred to:

Rates of wages and hours of labor in paper and paper goods organizations on September 30, 1906.

No.	Locality.	Trade and organization.	Occupation.	Sex.	Rates of wages.		Average earnings per day.	Hours of labor		No.
					Unit.	Rates.		On first 5 days.	Weekly.	
1	Lockport.....	<i>Fiber workers.</i> Fiber Pressmen No. 9331, American Federation of Labor.	Beater men..... Engineers..... Press men..... Repair men..... Fiber sanders.....	M. M. M. M. M.	Day. do do do do	\$2. \$2.50. \$2. \$2.25. \$2.20.	\$2.04	10	60	1
2	.....do.....	Fiber Sanders No. 7296, American Federation of Labor.	Fiber sanders.....	M.	do	\$1.50 (average)	1.50	8	48	2
3	.....do.....	Indurmented Fiber Workers No. 7185, American Federation of Labor.	Fiber workers.....	M.	do			10	60	3
4	Rochester.....	<i>Paper bag and box makers.</i> Paper Box Makers No. 9898, American Federation of Labor.	Paper boxmaker..... .....do.....	M. F.	Week. do	\$12-\$15. \$7-\$9.	2.25 1.33	9	54	4
5	Ballston Spa.....	<i>Paper makers.</i> International Brotherhood of Paper and Pulp Makers No. 26.	Back tenders..... Beater engineers..... Beaters helpers..... Machine tenders..... Third hands..... Paper mill workers..... Back tenders..... Machine tenders..... Third hands.....	M. M. M. M. M. F. M. M. M.	Week. do do do do do do do do	\$9.60. \$10.50. 89. \$16.93 \$7.50. \$7.50. \$12. \$21. \$11.50	2.04 1.25	84	52	5
6	Corinth-Palmer.....	International Brotherhood of Paper and Pulp Makers No. 7.	Other rates reported..... Beater tenders..... Beater engineers..... Helpers..... Machine tenders..... Third hands.....	M. M. M. M. M. M.	Day. do do do do do	\$1.50-\$3.75. \$3. \$2.25. \$1.62. \$3.50. \$1.75.	2.30	8	48	6
7	Deferiet.....	International Brotherhood of Paper and Pulp Makers No. 46.	Paper makers.....	M.	do	\$1.50, \$1.75, \$3.00.	2.15	11, 13	65	7
8	Felts Mills.....	International Brotherhood of Paper and Pulp Makers No. 6.	Back tenders..... Fourth hands..... Helpers..... Machine tenders.....	M. M. M. M.	do do do do	\$2. \$1.75. \$1.75. \$1.50, \$1.75, \$3.00.	2.10	10	50	8
9	Fort Edward.....	International Brotherhood of Paper and Pulp Makers No. 28.	Other rates reported.....	M.	do		2.49	11, 13	65, 66	9

10	Glen Falls.....	International Brotherhood and Pulp Makers No. 32.	Back tenders..... Machine tenders..... Other rates reported.....	M. M. M.	do. do. do.	\$2.25. \$3.50. \$1.85, \$2.00, \$3.75.	2.70	8, 13	48-55	10
11	Gouverneur.....	International Brotherhood and Pulp Makers No. 57.	Back tenders..... Beater engineers..... Finishers..... Fourth hands..... Machine tenders..... Third hands.....	M. M. M. M. M. M.	Hour. Day. do. do. do. do.	23 cents. \$1.75. \$1.50. \$1.50. \$1.92½. \$1.50-\$3 (average).	2.32	11, 13	65	11
12	Herkimer.....	International Brotherhood and Pulp Makers, No. 19.	Paper makers.....	M	Day		2.08	9, 12	54, 65	12
13	Luzerne-Hadley.....	International Brotherhood and Pulp Makers, No. 5.	Engineers and firemen..... Laborers..... Machine tenders..... Repair men..... Back tenders..... Machine tenders..... Back tenders..... Beater engineers..... Machine tenders..... Winder men..... Back tenders..... Beater engineers..... Machine tenders..... Helpers..... Third hands..... Fourth hands..... Beater men..... Beater helpers..... Finishers.....	M M	Hour. do. do. do. Day. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do.	\$28½ cents. 15, 17½ cents. 33½ cents. 27 cents. \$1.80. \$3.00. \$2.25, \$3. \$2.25, \$3. \$3.50. \$1.75, \$1.80. \$2.25. \$2.50. \$3.50. \$1.50. \$1.75. \$1.50. \$2. \$2. \$1.50, \$1.75.	1.76 (°)	(°)	13	
14	Mechanicville.....	International Brotherhood and Pulp Makers, No. 118.	Machine tenders.....	M	Day		2.25	11, 13	65	14
15	Niagara Falls.....	International Brotherhood and Pulp Makers, No. 51.	Back tenders..... Machine tenders..... Winder men..... Back tenders..... Beater engineers..... Machine tenders..... Helpers..... Third hands..... Fourth hands..... Beater men..... Beater helpers..... Finishers.....	M M M M M M M M M M M M M	do. do. do. do. do. do. do. do. do. do. do. do. do.	\$2.25, \$3. \$3.50. \$1.75, \$1.80. \$2.25. \$2.50. \$3.50. \$1.50. \$1.75. \$1.50. \$2. \$2. \$1.50, \$1.75.	2.44	11, 13	65, 66	15
16	Pierceland.....	International Brotherhood and Pulp Makers, No. 65.	Machine tenders.....	M	do.		1.99	11, 13	65	16
17	Plattsburg.....	International Brotherhood and Pulp Makers, No. 140.	Machine tenders..... Pulp workers..... Helpers..... Third hands..... Yard men..... Back tenders..... Machine tenders..... Third hands..... Beater engineers..... Machine tenders..... Third hands..... Beater tenders..... Machine tenders..... Third hands..... Beater engineers..... Finishers..... Machine tenders..... Third hands.....	M M M M M M M M M M M M M M M M M M M M	do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do. do.	\$1.50. \$1.50, \$1.75. \$3.75. \$1.75. \$1.50. \$1.50. \$1.50, \$1.75. \$2.50, \$3. \$1.50, \$1.75. \$1.75. \$2. \$3.25. \$1.00. \$2. \$2.75. \$1.75. \$1.50. \$3.50. \$1.50.	1.86	11, 13	65	17
18	Rock City Falls.....	International Brotherhood and Pulp Makers No. 101.	Machine tenders.....	M	do.		1.97	11, 13	65	18
19	Sandy Hill.....	International Brotherhood and Pulp Makers No. 2.	Machine tenders.....	M	do.		2.38	8	48	19
20	Ticonderoga.....	International Brotherhood and Pulp Makers No. 12.	Machine tenders.....	M	do.		2.16	11, 13	65	20

° Hours not reported.

° Hours not reported.

Rates of wages and hours of labor in paper and paper goods organizations on September 30, 1906—Continued.

No.	Locality.	Trade and organization.	Occupation.	Sex.	Rates of wages.		Average earnings per day.	Hours of labor.		No.
					Unit.	Rate.		On first 3 days.	Weekly.	
21	Troy.....	Paper makers—Continued. International Brotherhood of Paper and Pulp Makers No. 17.	Paper makers.....	M	Day	\$1.00, \$2, \$2.75.	\$1.82	10, 11, 13	65, 65	21
22	Watertown.....		do.....	F	Week	\$5.50.	\$2.92			
			Back tenders.....	M	Day	\$1.75, \$2.25.				
		International Brotherhood of Paper and Pulp Makers No. 4.	Beater engineers.....	M	do	\$2.50.		11, 13	65	22
			Helpers.....	M	do	\$1.62.				
			Machine tenders.....	M	do	\$3, \$3.50.	1.97			
			Third hands.....	M	do	\$1.50, \$2.				
23	Cadyville.....	Pulp workers. International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 16.	Pulp workers.....	M	do	\$1.50-\$2.20.	1.63	13	65	23
24	Corinth-Palmer.....		Pulp and paper makers ..	M	Hour	15-22 cents.	1.44	8, 9	48, 54	24
25	Fort Edward.....	International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 1.	Acid makers.....	M	do	301 cents.		8	48	25
			Cooks.....	M	do	344 cents.				
			Inspectors.....	M	do	23 cents.				
			Pulp workers.....	M	Week	\$10.50.	1.80			
26	Glens Falls.....	International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 2.	Tour bosses.....	M	Hour	28 cents.		9, 11, 13	64, 60, 65	26
			Beater men.....	M	do	164 cents.				
			Finishers.....	M	Day	\$1.05.				
			Pulp grinders.....	M	Hour	164 cents.	1.64			
27	Mechanville.....	International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 3.	Pulp handlers.....	M	do	15 cents.		11, 13	65	27
			Yard men.....	M	do	15 cents.				
			Other.....	M	do	\$1.				
			Pulp workers.....	F	Day	\$1.00-\$2.	1.00			
28	Morrisonsville.....	International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 11.	Pulp workers.....	M	do	\$1.50-\$2.	2.00			
			Barker men.....	M	Hour	15 cents.		9-13	54-55	28
			Firemen, day.....	M	Day	\$1.65.				
			Firemen, night.....	M	do	\$1.75.				
		International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 15.	Grinders.....	M	Hour	15 cents.	1.77			
			Press men.....	M	do	15 cents.				
			Repair men.....	M	do	15-20 cents.				
			Others.....	M	do	15-20 cents.				
29	Niagara Falls.....	International Brotherhood of Pulp, Sulphite and Paper Mill Workers No. 15.	Lebors.....	M	Day	\$1.92.		9	54	29
			Labors.....	M	Hour	171 cents.				
			Pulp workers.....	M	do	164 cents.	1.53			
			Pulp workers.....	M	do	164 cents.				

20	Piercesfield.....	International Brotherhood of Pulp and Paper Workers No. 47.....	.....do.....	.....do.....	15, 16½ cents.....	.....	1.80	11, 13	66	20
21	.....do.....	International Brotherhood of Pulp, Sulphite, and Paper Mill Workers No. 20.....	.....do.....	M.....	16½ cents.....	.....	1.08	11, 13	65	21
22	Sandy Hill.....	International Brotherhood of Pulp, Sulphite, and Paper Mill Workers No. 2.....	.....do.....	M.....	27-34 cents.....	.....	1.77	8, 9	43, 54	22
23	Tleonderoga.....	International Brotherhood of Pulp, Sulphite, and Paper Mill Workers No. 5.....	.....do.....	M.....	\$10.48.....	.....	1.75	9-13	54, 65	23
24	Troy.....	International Brotherhood of Paper and Pulp Workers No. 49.....	Paper-mill laborers.....	M.....	30-318.....	.....	1.60	10	69	24
25	Watertown.....	International Brotherhood of Paper and Pulp Workers No. 6.....	.....do.....	F.....	39.....	.....	1.50	9, 13	66	25
			Pulp workers.....	M.....	16½-23 cents.....	.....	1.67			

The CHAIRMAN. You said that the average for the third quarter of 1906 was \$10 and some cents per week. Did you arrive at that average by taking the pay of these different classes, or by considering as well the total number of employees in each class?

Mr. NORRIS. No; I took the one total, which was the average earnings per day, and the average earnings for the quarter of all of them.

The CHAIRMAN. You still have not answered my question. Is that average that you gave us from the book the average that you arrived at yourself.

Mr. NORRIS. The \$10.94?

The CHAIRMAN. Yes.

Mr. NORRIS. That is a deduction which I can very readily explain to you.

The CHAIRMAN. Did you arrive at that yourself?

Mr. NORRIS. It is an average I arrived at myself, and I will explain the way, namely—

The CHAIRMAN. Did you arrive at the average by taking the average pay of the different classes merely?

Mr. NORRIS. I did not. I took it by the aggregate of all of them, as averaged by the Bureau, and I reached it by multiplying the quarter by 4 to ascertain the yearly earnings, and dividing the yearly earnings by 52 to ascertain the weekly earnings.

The CHAIRMAN. You practically reached the average, then, by taking the total pay of the wages within a certain period of time and dividing by the total number of wage-earners in that period of time?

Mr. NORRIS. They did that; I have not done that. The Department did that. It states the average earnings—that is, the earnings per mill of all of these people—and there were 2,786 organized paper workers reporting to the Bureau; and giving the list of the mills from which they report.

The CHAIRMAN. I will have to confess that I do not understand yet how you get your average.

Mr. NORRIS. I am not giving you my average; I am merely giving you the Bureau's figures. Shall I show it to you; will that clear it up in your mind?

The CHAIRMAN. You gave us a computation which you said was an average wage of \$10.94 per week.

Mr. NORRIS. That is based upon the statement in this report that the total earnings of each male wage-worker in the State of New York engaged in the paper and paper goods business was \$141.91 for the third quarter of 1906.

The CHAIRMAN. One hundred and forty-one dollars and ninety-one cents. You simply reduce it to weeks?

Mr. NORRIS. I simply reduce that to weeks.

The CHAIRMAN. That simplifies it, then.

Mr. BANNON. And divide it by 13?

Mr. NORRIS. By 13. I made it for the year, and divided by 52—the same thing.

I also submit a report of the annual statistics of manufactures of the State of Massachusetts, being comparisons for 1905 and 1906, which shows that the figures are based on 13,364 employees, and that the average yearly earnings in Massachusetts for the year 1905 of

persons engaged in paper were \$471.12, and the average for the year 1906, \$478.36. That appears on page 377 of that report, being part 4 of the annual report of the bureau of statistics of labor for 1907, Commonwealth of Massachusetts.

Mr. RYAN. It does not say whether that is organized labor employed in the mills, does it?

Mr. NORRIS. It does not, but I assume it is, all of it.

Mr. RYAN. That includes also the common and skilled labor, does it?

Mr. NORRIS. It purports to give a statement of the average yearly earnings by industries.

Mr. RYAN. It includes all classes of labor?

Mr. NORRIS. Including all classes of labor, and I have divided those figures in order to get the weekly basis.

Mr. MILLER. In the same way?

Mr. NORRIS. To show that for the year 1905 the paper labor in the State of Massachusetts was paid \$9.06 a week, and in 1906, \$9.20 a week.

Mr. RYAN. That is not very excessive pay.

Mr. NORRIS. That is purely a matter of opinion. I suppose the paper makers would say that that is very high.

I also refer to page 379 of the same report, wherein it states the classification of the weekly wages of selected industries, and wherein it shows the number of males, and the number of females, over 21, and 21; and young persons, that is, under 21, and the total of both sexes for each year.

Following is the table referred to:

Classified weekly wages: Paper makers, 1905, 1906.

Industries and classification of weekly ages.	1905.				1906.			
	Adults (21 years of age and over).		Young persons (under 21 years of age).	Both sexes.	Adults (21 years of age and over).		Young persons (under 21 years of age).	Both sexes.
	Males.	Females.			Males.	Females.		
Paper.....	8,200	4,330	1,158	13,097	8,470	4,440	1,202	14,172
Under \$3.....	34	98	32	164	72	60	23	155
\$3 but under \$5.....	70	445	178	702	71	268	126	465
\$5 but under \$6.....	55	665	214	934	55	902	286	1,243
\$6 but under \$7.....	138	1,877	424	2,439	118	1,622	303	2,133
\$7 but under \$8.....	554	634	99	1,287	383	809	217	1,409
\$8 but under \$9.....	674	332	91	1,097	710	358	88	1,165
\$9 but under \$10.....	2,464	122	68	2,654	2,453	159	64	2,676
\$10 but under \$12.....	1,563	63	46	1,672	1,764	63	56	1,883
\$12 but under \$15.....	1,272	57	6	1,335	1,404	63	9	1,476
\$15 but under \$20.....	1,054	46	.....	1,100	1,087	46	.....	1,133
\$20 and over.....	313	.....	.....	313	344	.....	.....	344

Mr. STAFFORD. So from that a person would infer that the average weekly wage included the wages of minors, or at least those under 21, both male and female.

Mr. NORRIS. In the Massachusetts report?

Mr. STAFFORD. You are speaking of Massachusetts now?

Mr. NORRIS. But it also shows that the number of those under 21 included in that are not necessarily children. They may be under 21 years of age and be receiving, as they are in the mills of the International Paper Company, full pay. They are young men, 19 or 20, many of them, who are doing work and receiving full wages.

Mr. STAFFORD. Of course nothing has been presented so far to show whether children are employed in the paper industries or not.

Mr. NORRIS. These figures show that the total number of children included in the Massachusetts mills is substantially a little over 8 per cent.

Mr. STAFFORD. At what age do they segregate children from minors?

Mr. NORRIS. They do not do that in this report, apparently; but this shows only 1,262 under 21 years, out of a total for 1906 of 14,172 workers.

Mr. STAFFORD. Workers in the paper industry?

Mr. NORRIS. In the paper industry. In Massachusetts it ought to be stated that on page 368 it purports to give the smallest, the greatest, and the average number of wage-earners employed by industries, and that shows, according to these reports, that the smallest number was 12,356, the greatest number employed was 14,276, and the average number was 13,364.

Mr. STAFFORD. Per mill, in the paper industry?

Mr. NORRIS. Not per mill, but the total number employed in the paper industry.

Mr. STAFFORD. To what does the smallest number refer?

Mr. NORRIS. That is in the slack season compared with the business season. Instead of taking either, they have taken the average, the average obtained from the reports of the mills themselves.

Mr. STAFFORD. Do you know whether the New York report shows the total number of persons employed in the paper industry?

Mr. NORRIS. This report only undertakes to give the organized wage-workers.

The CHAIRMAN. Have you any other labor commission reports there that you are going to refer to?

Mr. NORRIS. No; I will want the Bureau of Labor reports—I was going to ask for the July, 1907, bulletin of the Bureau of Labor of Washington, which will show a decrease in pay of the paper workers for the year 1906 as compared with 1905; and it will probably show that the paper workers were the only industry who were decreased in 1906 as compared with 1905.

Mr. RYAN. Were they decreased without strike or trouble?

Mr. NORRIS. I would prefer to let the report tell its story.

I want to show in bulletin No. 99, the total wages paid in the paper industry, and the tons of paper produced, in order to show what was the average per ton for that period. I have the figures for 1900, which show that upon an average number employed in 1900 of 49,646 workers, the wages paid were \$20,746,426, and that the total number of tons produced was 2,782,219, which would give an average labor cost per ton in 1900 of \$7.45. And the figures for the year 1905 show the average number of workers employed as 65,964, receiving in wages \$32,019,212, which shows a payment of \$485 per annum, or an average payment for paper employees of \$9.38 per week, for these favorites of fortune.

The CHAIRMAN. Now, what do those figures show?

Mr. NORRIS. In 1905 there were 65,964 employed. Is that right? Perhaps I can help you. If you will look at the big summary at the end, for the United States, you will get the whole formulation. It is the first table. You will find it on page 32, line 20, being the wage-earners, including pieceworkers, it giving the greatest number,

the least number, and the average number. The average number is 65,964. Is that right?

The CHAIRMAN. Yes.

Mr. NORRIS. And the total is \$32,019,212; is that right?

The CHAIRMAN. It appears to be.

Mr. NORRIS. That verifies my figure—dividing one by the other it shows that these men receive \$485 per annum, or \$9.32 per week.

Mr. RYAN. Some people are inclined to say that protection increases the wages of the workingmen of the United States.

Mr. NORRIS. I prefer not to go into that at this time. If you will let me get through with my presentation, I will be prepared later to take up all of those questions so far as I can in my feeble way.

That table also shows men, women, and children—that is, children under 16 years, and they do not constitute 1 per cent of the total. You will see that by reference to lines 52 to 63.

The CHAIRMAN. The average number of children is 255.

Mr. NORRIS. In the total industry, out of 65,000 that would be almost a quarter of 1 per cent, so that the children may be eliminated as a factor in this calculation.

The CHAIRMAN. That is on line 26, the average total number of children employed?

Mr. NORRIS. That is true.

The CHAIRMAN. And the number of women employed over 16 years was 9,862.

Mr. BANNON. Before you get away from that, there is a point here in the average wages, of the Twenty-fourth Annual Report of the Bureau of Labor Statistics of the State of New York for 1906, that I would like to direct your attention to, it being part of an article by the commissioner, or whoever got up the report. He says.

It perhaps needs to be pointed out that the foregoing figures concern per diem rather than daily earnings; that is, they refer to the wage paid for a day's work and not to the average amount earned every day in the year. To ascertain the weekly, monthly, or yearly earnings, the average wage must be multiplied not, by the number of days in a week, month, or year, but by the number of days of work.

As I understand, Mr. Norris, I asked how you got at this, and you replied that you took the average per week and multiplied it by 52.

The CHAIRMAN. Of course, Mr. Norris's computation, I suppose, is made on the basis of continuous work.

Mr. NORRIS. It is made upon the basis that if they do not have continuous work, then they can not live. Their earnings must be diffused over fifty-two weeks in the year. If a man is employed only thirty weeks in the year and is idle twenty-two weeks, you can not say that his earnings are upon the basis of what he has made for only thirty weeks. He must have food and clothing.

The CHAIRMAN. That would depend upon whether he was employed elsewhere or doing something else.

Mr. NORRIS. But these are all averages, and this feature of it is almost entirely eliminated by reason of the closeness of the average number employed to the total of the greatest number and to the total of the smallest number employed, showing that the forces employed at these mills are relatively the same the year round.

Mr. RYAN. You are now discussing the New York report?

Mr. NORRIS. Yes

Mr. RYAN. Have you any evidence as to whether or not they were working during the entire year or including the time closed down?

Mr. NORRIS. A paper mill is supposed to be working all the year.

Mr. RYAN. So I understood with respect to the former evidence; they work all the time?

Mr. NORRIS. They only had brief intervals, very brief intervals, for repairs when absolutely imperative; and the paper makers can give much better information on that. They have the data; I have not.

I also call your attention to the fact that the New York State report shows that the printers and bindery group pays 78 per cent more for wages than paper pays.

Mr. STAFFORD. In that class is included exclusively high-class skilled labor, where the average pay is \$15 and over per week and upward. To my knowledge, in my own city, an expert binder can earn \$18 and upward per week, a second-class man getting \$15; and naturally the pay of such high-class labor would be the greatest per cent more than the average price of the mixed labor, both skilled and unskilled.

Mr. NORRIS. I also have a note that the figures of the New York paper establishments reporting in 1906 showed that their skilled-labor wage-earners receiving over \$900 per annum were less than 9 per cent. Had I put that in before?

Mr. STAFFORD. I think not.

Mr. NORRIS. That appears on page 323. That is, the number receiving less than \$75 per quarter, or \$300 per annum, on six days a week, was 2; the number receiving from \$75 to \$149 was 2,001, and the number receiving between \$150 and \$224 was 382, and the number receiving \$225 or more—that is, \$900 per annum or \$18 a week, or more—was 234 out of a total of 2,622, substantially 9 per cent of the total. When the Bureau of Labor report comes, I will give the data with reference to the whole country as to 1906 and 1905, and the decrease in labor.

That is all on the item of labor until I get those reports. Shall I now proceed with the item of wood?

The CHAIRMAN. Before you take that up, and on the same subject, the committee thought of sending a letter to the newspaper publishers throughout the country for certain information; and along the same line I thought of sending inquiries to various pulp and paper manufacturers; but not having that expert knowledge which enabled me to make the inquiry either as to the facts or in comparison with former reports, I wrote a letter to Mr. North and asked him if he would suggest a form of inquiry, not too long, which might secure for us the information or statements from the pulp and paper makers, and with it we could make comparison with the census reports of 1900 and 1905. He has not done that, but he sent me this letter which refers to information that may be of some value to you, and of statistical value to us, as we get it. The letter is as follows [reads]:

I have your letter of April 30, in regard to collecting further information concerning the wood-pulp and paper industry.

The Census Office is now engaged in collecting statistics concerning the quantity of wood consumed in the pulp industry and the quantity of pulp manufactured during 1907. This data is collected by the use of the inclosed card (Exhibit A), and with the exception of five companies returns have been received from all that were engaged in the industry during 1907. I expect to receive the returns for the five delinquents

during next week, and in that event I can give you within a few days the total quantity for the United States.—

Mr. NORRIS. That is of wood and pulp?

The CHAIRMAN. Wood and pulp. [Continues reading:]

the total quantity for the United States, so that it can be compared—

That is the quantity of wood consumed and the quantity of pulp manufactured—

Mr. MILLER. That is in the United States?

The CHAIRMAN. Yes. [Continues reading:]

so that it can be compared with the statistics for 1905 and 1906 contained in circular 120, a copy of which is also inclosed (Exhibit B)—

That is the circular; you have that?

Mr. NORRIS. The circular of the Bureau of Forestry; yes.

The CHAIRMAN. [Continuing reading:]

These statistics do not show the quantity of paper manufactured, and if you desire to collect such information possibly it would be well to use a schedule similar to the one used at the Census of 1905, a copy of which is inclosed (Exhibit C). There were in the neighborhood of 750 paper mills in operation during the year 1907, and I am afraid it would be impossible to collect this information from all of these mills in time to be of use at this session of Congress.

If you desire data in regard to prices of print and other varieties of paper, it could probably be secured by addressed communications to a comparatively few selected establishments located in different sections of the country.

Possibly the information we are collecting concerning the quantity of pulp wood consumed and pulp produced during 1907 will answer your present requirements.

These exhibits are here. They do not cover the questions at all which I had in my mind, at least. I do not know how difficult it would be for pulp and paper manufacturers, nor how willing they would be to give information which would show the quantity of pulp manufactured and the quantity of print paper manufactured. That is the particular matter we are figuring on, although our resolution covers the whole subject of the print-paper manufacture and the cost of production. Of course, statements of that sort are not the best evidence, we all understand that, but we would like if possible to get as much information on that subject at once as we can.

Mr. NORRIS. Mr. Mann, you would have considerable difficulty, I can foresee, great difficulty, because of the different methods which paper mills employ in keeping their accounts and determining cost. There are probably no two men in the newspaper business who will agree as to the way of determining what the cost of producing a newspaper is, and I can foresee great difficulty. And the reason why Doctor North would have some hesitation in attempting to gather up—

The CHAIRMAN. I do not desire him to gather it.

Mr. NORRIS. Or to formulate anything which would obtain anything like an approximate or accurate or intelligent summary.

The CHAIRMAN. Well, do not these pulp and paper mills all make annual reports to somebody? Do not they, as a rule, strike a balance sheet at the end of the calendar year, or the fiscal year, or something of that sort?

Mr. NORRIS. No; the great bulk of them—the smaller mills—are owned by individuals.

The CHAIRMAN. The individual usually strikes a balance sheet for his own information. Almost everybody does that in any kind of business.

Mr. NORRIS. I entirely concur in your view as to what they ought to do, but you would find great difficulty in that, and there are all sorts of methods which men have for deceiving themselves, trying to convince themselves that they are making money when they are not; where one man will put in depreciation and another man will not.

The CHAIRMAN. You have read from reports of commissions, and we have reports from the Census Bureau. Of course all of those reports are computations or compilations or averages based upon reports received, but they are not down to date. I do not see why it should be any more difficult for a paper concern to make a report to us here, which they may be called upon to come here and swear to, than to make a report to the Census Office.

Mr. NORRIS. I can understand how in five days you can obtain from at least three-fourths of all the news-print paper output of the country the data which you seek, and the suggestions which I made the other day were directly in that line.

Mr. RYAN. Those are contained on page 181 of the hearings, where you suggest that certain men be subpoenaed.

Mr. MILLER. And to furnish that information?

The CHAIRMAN. The information of value to us must be reduced to its simplest form in order that we may make use of it at once.

Mr. NORRIS. That was my contribution toward your symposium, in the nature of suggestion as to the way to get this data for you.

The CHAIRMAN. I was in the House at the time engaged in helping to make an extremely important law on the subject of railway accidents when you made your suggestions. I did not hear them, nor have I had the opportunity yet to read them in the record.

Mr. NORRIS. Let me request that you refer to that. There may be some point in there that would be helpful to you.

The CHAIRMAN. I have, by the way, requested the Librarian of Congress to employ some one to make an index of these hearings, and to keep it up to date.

Mr. NORRIS. Does that mean a topical index or a cross index, because I had about considered doing the same thing in New York. I had sent on copies of the first three days' hearings for a name index which was preliminary to a topical index, and a cross index; for instance, where foreign prices are referred to, everything relating to them shall be grouped, or Canadian prices, or Canadian paper mills—all grouped.

The CHAIRMAN. I presume we will have the copy on Monday, or part of it, but we will be glad to have suggestions from you on that subject. The index of the first day's hearings seems to me to be about as full as it could be, but it will be a card index, primarily. We will keep adding from day to day to it, and then we will have it printed.

Mr. NORRIS. May I ask what the practice is on Saturday; does Congress sit until midnight—

The CHAIRMAN. So far as the House is concerned, it makes no distinction between Saturday and holidays or any other working day of the week. So far as this committee is concerned, the chairman makes no distinction between one day and another, so far as the work is concerned. You may suit your convenience; you have been on the stand all of the week. Do you desire to be off this afternoon?

Mr. NORRIS. No; I want to finish if I can.

Mr. RYAN. Almost every member of this committee, I think—I know it is so with myself—has neglected a lot of things during the

week in order to remain here all the time, and I would like to have some time this afternoon for the purpose of straightening out my correspondence.

Mr. NORRIS. I wanted to finish what might be called the presentation of the association.

Mr. RYAN. You will not get through to-day, anyhow?

Mr. NORRIS. Not my grilling, I understand that; but my presentation.

Mr. MILLER. You have not been grilled very severely, so far.

Mr. NORRIS. That depends upon the number of questions I am asked.

The CHAIRMAN. Mr. Norris, you have not received a copy of the contract of the New York Times yet, have you?

Mr. NORRIS. No, sir.

The CHAIRMAN. In that connection let me ask how long have you been with the New York Times? Does your period with the New York Times go back to the date of those contracts?

Mr. NORRIS. Oh, yes; I have been there since September, 1900.

The CHAIRMAN. Will you furnish us copies of all the contracts since September, 1900? There is only one previous contract, is there not?

Mr. NORRIS. Oh, no; more than that—eight years.

The CHAIRMAN. Only one previous contract to this one.

Mr. NORRIS. Oh, yes—no; more than that.

Mr. RYAN. You said they were five-year contracts.

Mr. NORRIS. Oh, no; Mr. Medill McCormick said that.

Mr. MCCORMICK. I had a five-year contract.

Mr. NORRIS. The only five-year contract which the New York Times had was the last one, and which began January 1, 1906.

The CHAIRMAN. Will you furnish copies of the contracts ever since you have been with the New York Times, and can you furnish the copies of the contracts that the New York Times had previous to that date?

Mr. NORRIS. I do not know. Would you subpoena the New York Times company to produce that?

The CHAIRMAN. Well, we do not want to be put in the attitude of subpoenaing newspaper publishers to come here, or anybody else, unless it be necessary. Of course, we have not reached that point yet.

Mr. NORRIS. Will you assume it is necessary?

The CHAIRMAN. I do not wish to assume that unless you decline to do it. You take the responsibility of that, and then we will determine the other question.

Mr. NORRIS. I will not decline to do it. But they are not in my physical possession, and I am an employee of a corporation.

The CHAIRMAN. Well, everybody connected with a corporation must be an officer or an employee of it. You are the business manager of the New York Times.

Mr. NORRIS. Technically, I am not an officer.

The CHAIRMAN. You are the business manager. If there were anybody in the possession of those contracts, I should think you would be the one.

Mr. NORRIS. They are in the office safe.

The CHAIRMAN. You have access to them, do you not?

Mr. NORRIS. I have.

The CHAIRMAN. I think you had better produce copies, either the contracts or sworn copies of them. We do not wish unnecessarily to embarrass the newspaper either way, you understand. Some men, if they are subpoenaed, get angry in a moment.

Mr. NORRIS. Mr. Chairman, you entirely misapprehend. You embarrass the newspaper more by asking them for it than by subpoenaing them for it.

The CHAIRMAN. It is constantly the practice in courts that where a man is directed to produce something he produces it precisely the same as though he had been subpoenaed and required to produce it. That which a man can be obliged to do, and does, is the same as though he were obliged to do it.

Mr. NORRIS. Let me state that, personally, I am extremely anxious to produce those papers, every paper that you have indicated, and I think I have shown a disposition and an eagerness to produce a number of papers about which you knew nothing.

The CHAIRMAN. I understand; I am not criticising you.

Mr. MILLER. There is a question in my mind, for the protection of Mr. Norris, whether or not these statements ought to go into the record. He has been very fair with the committee, and I think the committee ought to be equally fair with him. He is not under subpoena, and for that reason I have no doubt he is embarrassed somewhat.

The CHAIRMAN. But he is before the committee, and he could not be before it any more if under subpoena. We have jurisdiction over it.

Mr. MILLER. I understand, but he is making a voluntary statement which goes into the record, and which might be used by his employers against him.

The CHAIRMAN. He is making a statement in answer to an inquiry which seems to be necessary. It is not a voluntary statement.

Mr. MILLER. But he is volunteering to produce his papers.

The CHAIRMAN. He has before said that he would produce these papers only if directed by the committee.

Mr. NORRIS. But you give me a chance to go to New York only when the safe is closed. I can not get the safe open on Sunday.

The CHAIRMAN. Does the New York Times suspend publication on Sunday?

Mr. NORRIS. No. I could not arrange last Sunday to run the combination of the safe.

The CHAIRMAN. I understand; but now, while you are getting them, we would like the other contracts. That is what I am saying.

Mr. NORRIS. I may have difficulty in getting them promptly, because the other contract papers are stowed away where they may not be readily accessible, and it may take a couple of days to obtain them.

The CHAIRMAN. In other words, there has been a conflict and difference of opinion about the price of print paper for some years past. We do not want any question about the facts in reference to that as they are disclosed to us by the actual cases. You see the point?

Mr. NORRIS. Yes.

At 11.35 a. m. a recess was taken until Monday, May 4, 1908, at 10 o'clock a. m.

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,
Monday, May 4, 1908.

Committee called to order at 11 a. m., Hon. James R. Mann (chairman) presiding.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. You may proceed, Mr. Norris.

Mr. NORRIS. In response to a telegram which was sent out on Friday by Mr. Ridder—

The CHAIRMAN. I think it would be well to put that telegram in the record.

Mr. NORRIS. Mr. Ridder sent the following telegram:

Please telegraph me immediately when your paper contract runs out and what prices are quoted you for renewal if contract has expired. What are you now paying? What was the raise? Will you go to Washington next week, if necessary, to testify? Don't hesitate to appear in your own interest.

(Signed) HERMAN RIDDER.

The CHAIRMAN. In that connection I may say that on Saturday I sent a letter to the persons named in the list furnished by Mr. McCormick—I don't know just how many there were—

Mr. NORRIS. There were 40.

The CHAIRMAN. The letter reads as follows:

GENTLEMEN: The select committee appointed by the House of Representatives on pulp and paper investigation is now conducting hearings in Washington. The committee begs to ask whether you will appear before the committee within the next few days and furnish the committee information as to the present and previous prices paid by you for paper, and under what terms and contract, and any other information which may be pertinent to the investigation. An immediate response will greatly favor the committee, which desires to make report at the present session of Congress.

Yours, respectfully,

JAMES R. MANN, *Chairman.*

It may be that we will, both in justice to ourselves and some of the newspaper men, subpoena some of them.

Mr. NORRIS. In response to this telegraphic request of Mr. Ridder, I have a list of 41 newspaper publishers who have, by telegraph, signified their willingness to come and appear before the committee. Shall I hand this list to the stenographer?

The CHAIRMAN. Well, we would be glad to have the list, but when will they appear, and how do they wish to be notified?

Mr. NORRIS. By telegraph. Mr. McCormick will advise them by telegraph if the committee will indicate when it wants to see them, if it does want to see them.

The CHAIRMAN. The committee would like to have them come and testify, but I would suggest that it is not necessary for them all to come on one fixed day. As they come we will hear them; and that is the reason I mentioned the possibility of taking this trip, which we have talked of informally, because we had better not notify any of them to come on next Saturday.

Mr. NORRIS. Then shall I give you the list, or hand it to Mr. McCormick and ask him to advise them?

The CHAIRMAN. You may give the list to the stenographer, and I think you had better have Mr. McCormick advise them to come.

Mr. NORRIS. I shall do both.

The CHAIRMAN. Whenever any of these gentlemen from out of town come, we will accommodate them in reference to being heard. They will be allowed to go on the stand and to get through as soon as possible.

Mr. NORRIS. It might help matters to show that there are some publishers who are willing to appear.

The CHAIRMAN. I think myself it is desirable to do that.

Following is the list referred to:

M. E. Foster, Houston Chronicle, Houston, Tex.; Publisher, Charlotte Observer, Charlotte, N. C.; F. M. Messler, Asheville Gazette-News, Asheville, N. C.; J. L. Dickinson, Hartford Evening Post, Hartford, Conn.; Publisher, Atlanta Constitution, Atlanta, Ga.; Publisher, Syracuse Herald, Syracuse, N. Y.; Victor E. Bender, Council Bluffs, Iowa; C. T. Milton, Knoxville, Tenn.; Lucian Swift, Minneapolis Journal; Publisher, Herald-Leader, Menominee, Mich.; A. J. Sandegard, The Woodstock, New York City; R. W. Pillsbury, Union, Manchester, N. H.; W. J. Crawford, Memphis, Tenn.; J. H. Fahey, Boston Traveler, Boston, Mass.; Joseph Auld, Daily News, Burlington, Vt.; W. J. Ewing, Nashville American, Nashville, Tenn.; Publisher, Republican, Waterbury, Conn.; J. B. Beman, Elmira Advertiser, Elmira, N. Y.; Samuel Bowles, Springfield Republican, Springfield, Mass.; H. D. Campbell, Lima Republican, Lima, Ohio; Lafe Young, jr., Des Moines Capital, Des Moines, Iowa; W. E. Gardner, Syracuse Post-Standard, Syracuse, N. Y.; J. D. Plummer, Springfield Union, Springfield, Ohio; Frank B. Noyes, Chicago Record-Herald, Chicago; David B. Plum, Troy Record, Troy, N. Y.; E. E. Smith, Meriden Record, Meriden, Conn.; J. M. Emerson, Ansonia Sentinel, Ansonia, Conn.; Benedict Prieth, Newark Freie Zeitung, Newark, N. J.; W. R. Hastings, Daily Item, Lynn, Mass.; Eugene M. Kerr, Times-Democrat, Muskogee, Okla.; Tribune Printing Company, South Bend, Ind.; Edward Raine, Baltimore Correspondent, Baltimore, Md.; Anthony D. Stanley, Sedalia Democrat, Sedalia, Mo.; N. J. Allen, Wichita Beacon, Wichita, Kans.; W. P. Fedar, Great Bend Rustler, Great Bend, Kans.; George A. Newman, jr., Louisville Herald, Louisville, Ky.; Patrick C. Boyle, Oil City Derrick, Oil City, Pa.; Matthew S. Dwyer, Providence Tribune, Providence, R. I.; H. C. Ogden, Wheeling News, Wheeling, W. Va.; Warren Worth Bailey, Johnstown Democrat, Johnstown, Pa.; G. J. Palmer, Houston Post, Houston, Tex.; Frederick Ray Martin, Providence Journal, Providence, R. I.; C. L. Knight, Beacon Journal, Akron, Ohio; Thomas Rees, Illinois State Register, Springfield, Ill.; J. W. Ogden, Morning Dispatch, Meridian, Miss.; Millie Bunnell, Duluth News Tribune, Duluth, Minn.; Chas. H. Taney, Wheeling Register, Wheeling, W. Va.

Mr. NORRIS. Now, I received 178 telegrams giving the information which was asked for in the request by Mr. Ridder. I have codified those, and have a list in this shape—

The CHAIRMAN. To how many newspaper establishments was that telegram sent?

Mr. NORRIS. Including small evening papers, it was sent to about 1,200.

The CHAIRMAN. That includes what list?

Mr. NORRIS. That includes the Associated Press and United Press lists

The CHAIRMAN. It was sent to a complete list of the Associated and United Press Associations?

Mr. NORRIS. Yes, sir.

I have here the full telegrams, but in order that the committee might not have its time needlessly exhausted with a study of that which could be adjusted for it, I have undertaken to arrange the lists by States, cities, name of paper, when present contract expires, terms quoted, raise in price, and present price. I will submit this list to the committee. The first batch came early yesterday, and the second batch came later.

The CHAIRMAN. Suppose you read it to us so as to get it clear in our heads.

Mr. NORRIS (reads):

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Arizona.....	Phoenix.....	Republican.....	May 1.....	.....	.....	\$44.00
Do.....	Tucson.....	State Publishing Co.	September.....	.....	.....	49.00

a F. o. b. mill.

It does not say whether at the mill or at Tucson. [Reads:]

Colorado Springs Evening Telegraph, price in September raised \$8. Leadville Herald-Democrat, price raised \$4, to \$50. Bridgeport, Conn., Standard, present contracts expires May 1, 1908. Raise in price \$5, to \$55.

Of course, this depends on whether the raise is a comparison with their last contract of two years ago.

Mr. STAFFORD. You said, as to that last paper, that the raise was from \$5 to \$55.

Mr. NORRIS. No; it was a raise of \$5 to a price of \$55. [Reads:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Colorado.....	Colorado Springs	Evening Telegraph..	September.....	.....	\$8.00	.....
Do.....	Leadville.....	Herald-Democrat...	December.....	.....	4.00	\$50.00
Connecticut.....	Bridgeport.....	Standard.....	May 1, 1908.....	.....	5.00	55.00
Do.....	Hartford.....	Evening Post.....	December.....	\$52.00	6.00	46.00

I should explain that I have not personally verified this formulation. I turned it over to a clerk yesterday morning, and it might be advisable to have it checked later on to see about the substantial accuracy of it. I vouch for it substantially, but there may be two or three cases wherein slight inaccuracies have crept in.

The CHAIRMAN. As to that last paper, the Hartford Evening Post, what does that mean?

Mr. NORRIS. That the price is raised from \$38, which is \$1.90 per 100, to \$2.50 per 100.

Mr. STAFFORD. I think that would give the impression that the price was \$50 and raised to \$62, or \$12 per ton.

Mr. NORRIS. No; it is raised \$12 to \$50. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Connecticut.....	Hartford.....	Courant.....	April, 1908.....	.....	\$12.00	\$50.00
Do.....	New London...	The Day.....	July, 1900.....	\$52.00	11.00	51.00

Mr. BANNON. He pays \$51 now.

Mr. NORRIS. Yes; and he had paid \$40, it being raised \$11.

Mr. BANNON. And now they are asking how much?

Mr. NORRIS. He reports a quotation of \$52, and the present price of \$51 has been raised \$11. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Connecticut.....	Waterbury.....	Republican.....	August.....	.....	\$7.50	\$47.50
Florida.....	Tampa.....	Tribune.....	January 1, 1908.....	.....	15.00	60.00
Georgia.....	Atlanta.....	Constitution.....	January 1, 1909.....	.....	.....	.....
Do.....	do.....	Journal.....	December 31, 1908.....	.....	.....	.....
Do.....	Augusta.....	Chronicle.....	December, 1908.....	56.00	2.40	46.00
Do.....	Columbus.....	Enquirer-Sun.....	January 1, 1909.....	.....	11.00	57.00

Mr. BANNON. Mr. Norris, so far there are a great variety of prices, the increases in some cases going up to 20 per cent.

Mr. NORRIS. That might be entirely explainable in this, that the freight rates are different.

Mr. BANNON. But I understand that these rates are at the mill?

Mr. NORRIS. Oh, no; only two of these that I have reported are at the mill, the first two at Phoenix and Tucson, Ariz. All of these others are presumably delivered at the depot or on the sidewalk.

The CHAIRMAN. And one of the first ones quoted is also at the sidewalk, I presume?

Mr. NORRIS. The Tucson; yes. The first one is f. o. b., mill, and the Tucson, Ariz., State Publishing Company \$49, I presume, is at the mill also, for I do not believe that they could get a contract expiring next September at \$45 sidewalk delivery in Arizona.

Mr. BANNON. But ought we not to have some fixed basis, and the price at the mill?

Mr. NORRIS. Of course, for your basis of comparison that is the only way.

The CHAIRMAN. But this still shows the amount of increase, and it is valuable to that extent, if the freight rates have not been increased very much.

Mr. NORRIS. The raise substantially shows the increase in price at the mill, no matter what the price is, the same as the increase in price on the sidewalk.

Mr. SIMS. It certainly shows the increased cost to the publisher.

Mr. NORRIS. Yes.

Mr. BANNON. But it is partially made up by freight rates?

Mr. NORRIS. The freight rates are substantially the same on paper now that they were two years ago. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Georgia.....	Savannah.....	Press.....	January 1.....	.....	\$3.00	\$52.00
Illinois.....	Bloomington.....	Bulletin.....	November 1, 1908.....	.....	8.00	50.00
Do.....	Chicago.....	Record-Herald.....	January 1, 1910.....	.....	.....	.....
Do.....	do.....	At-and Post.....	December 1, 1909.....	.....	11.00	48.50
Do.....	Danville.....	Commercial News.....	July 1, 1908.....	.....	9.90	48.90
Do.....	Decatur.....	Herald-Dispatch.....	March, 1908.....	.....	4.40	49.00
Do.....	Moline.....	Dispatch.....	August 1, 1908.....	.....	10.00	50.50
Do.....	Quincy.....	Herald.....	do.....	.....	6.60	.....
Do.....	Rockford.....	E. E. Bartlett.....	January 1, 1909.....	.....	6.50	48.20
Do.....	Rock Island.....	Argus.....	August, 1908.....	.....	8.60	49.60

The CHAIRMAN. Have you any theory why those raises upon the Illinois papers should vary so, from \$4 to \$10?

Mr. NORRIS. I think that is clearly explainable, first, in the difference of contract periods—

The CHAIRMAN. I thought they were all renewed?

Mr. NORRIS. Some are not yet renewed. You can see that the Danville Commercial News expires in two months. They are paying \$48.90 now. The Herald-Despatch, of Decatur, is raised \$4.40, and the present price is \$48. The next raise is \$10, the Moline Dispatch to \$50.50.

The CHAIRMAN. These are almost all side by side, right together.

Mr. NORRIS. The Quincy Herald is raised \$6.60, the Rockford, Ill., paper, represented by E. E. Bartlett, raised \$6.50 to \$48.20, and the contract expires at the end of this year.

Mr. BANNON. None of them are paying the same price.

Mr. NORRIS. That may be one of the features of this entire paper business, the variations of price. The difference might be effected by freight rates.

The CHAIRMAN. There might be a little difference there, although the difference in freight charges from Chicago to these different places would probably not be very great.

Mr. NORRIS. There may be these differences, whether it is sold direct, or whether it is sold through a jobber with his commission of 5 per cent; the quantity which the paper takes may very materially affect the source of supply, and whether the mill deals directly with the paper or not. It may also be affected by the matter as to whether he pays in ten days, thirty days, or two months, according to the accommodations the jobber may allow him.

Mr. STAFFORD. And also whether in rolls or in sheets.

Mr. NORRIS. Yes; and whether No. 1 or No. 2 paper.

The CHAIRMAN. But these papers that you have mentioned are all buying their paper in rolls. I think likely there is a little difference caused by the amount that they buy. The one that pays the highest prices deals with the Wisconsin mill.

Mr. NORRIS. Yes; that is the Moline Despatch. The Rock Island Argus is raised \$8.60 to \$49.60, and the contract expires in August.

Mr. SIMS. Might they also not be affected by the period when the raise became effective? That you do not give.

Mr. BANNON. I am only asking for information, and of course I understand that the price of print paper will vary like a great many other commodities; but I notice that different ones there have received different prices, and all in the same area.

Mr. NORRIS. It depends upon the company that is furnishing it, partially; it depends upon the volume, upon the quality of paper they buy, the way in which they pay for it, whether bought from a jobber or a person from whom they get it on commission, and what commission they are paying.

Mr. BANNON. Some men get their paper for less than others, do they not?

Mr. NORRIS. There is absolutely no uniformity at the present time in the method of fixing prices, excepting in so far as it applies to the contracts which have been fixed within the last year.

Mr. BANNON. Take, for instance, the purchase of a typesetting machine. Will not one paper pay the same for that as another?

Mr. NORRIS. Substantially; they all get a newspaper rate.

Mr. BANNON. They all pay the same. The print paper that the newspapers buy has no such fixed price, then, as a typesetting machine?

Mr. NORRIS. Is that a cause of congratulation upon the price of the typesetting machine?

Mr. BANNON. No; I am asking this for information.

Mr. NORRIS. It is obvious from the reports that because of causes which are not uniform, the price delivered on the sidewalk is not the measure of uniformity, because it is affected by freight conditions, the time of payment, discounts, the quality of paper, and so forth; but if the price at the mill were ascertained it would show accurately and absolutely the extent of the uniformity, and it is for that reason that I suggested to the committee, in the pursuit of the fullest information and the fairest basis of comparison, on last Wednesday, according to page 181 of the record, that the committee make those inquiries of the paper companies, and purely for fairness and accuracy of comparison.

Mr. BANNON. Do you know of your own knowledge whether or not the price is uniform on given grades of paper at the various mills?

Mr. NORRIS. We are here attempting to show that there is a combination, which acted to the end that it had fixed the price at 2½ cents delivered, which meant substantially 2½ cents New York, with variations at other points incidental to that; and that it has succeeded in going beyond that figure; and that its aspiration and threat was to carry it to 3 cents per pound, which is \$60 a ton.

Mr. BANNON. If I understand your contention, it is that because of such combination among the print-paper makers they all quote the same price at the mill on a given grade of paper. Is that right?

Mr. NORRIS. That is not quite accurate. We are not clear as to just exactly the detailed scheme whereby they fix the prices everywhere, but that the effect has been to raise the prices substantially \$12 per ton as compared with two years ago; that in all cases where the large consumers at points which were relatively in the same zone limits from the various paper mills, they were raised substantially to 2½ cents per pound, or \$50 per ton; for instance, at Pittsburg, while it may be farther away from the New England mills, it is near Niagara Falls, and therefore it would get into that zone; that Chicago would take a rating substantially that of the West, though supplied partially by eastern mills. Now, shall I continue with the list?

The CHAIRMAN. Yes.

Mr. NORRIS. Evansville, Ind., Journal-News. Present price, \$52; quoted price, \$47. I do not understand what that means, excepting that I may say incidentally and parenthetically, for the information of the chairman and in response to his yearning for information as to possible or recent reduction in prices, that the celebrated and not altogether vouched for quotations of the Paper Trade Journal show a drop to \$2.35 in price for news, and that the Fiber and Manila Association at a meeting in Chicago last week—I will give you the reference—decided upon a reduction of \$4 per ton in the price as a result of the investigation now going on in New York; and that the Hollingsworth & Whitney Company have, for reasons of their own, announced a reduction of price of from \$2.50 to \$5 per ton.

The CHAIRMAN. Do you think you are quite fair to this committee when you say that these reductions were owing to the investigation now going on in New York?

Mr. NORRIS. Excuse me—but the investigation in New York—

The CHAIRMAN. With reference to the quotation which you speak of on news-print paper to \$2.35. When was that—the last market quotation?

Mr. NORRIS. In the Paper Trade Journal of April 30, last week, the news quotation is \$2.35.

The CHAIRMAN. What was it before that, do you know?

Mr. NORRIS. April 23, the previous week, it was \$2.50, a drop of \$3 per ton during the week. I suppose you may appropriate all credit for that.

Mr. STAFFORD. Well, we want to take some credit, I can assure you, for our work here.

The CHAIRMAN. Under date of March 21 the Paper Trade Journal gives news at \$2.50 to \$2.80.

Mr. NORRIS. They do up to April 23, and then on April 30, synchronizing with the starting of this committee, they drop to \$2.35.

The CHAIRMAN. Well, on that basis this committee should keep in session for some years.

Mr. NORRIS. If hot shot is poured in all the time, yes.

Mr. SIMS. That is contingent, I suppose, on keeping the present witness on the stand.

Mr. NORRIS. I also submit an extract from the Paper Trade Journal of April 30, stating that—

The Hollingsworth & Whitney Company made a reduction of one-eighth to one-quarter cent on nearly all its standard grades of manila fiber papers last week. The officials of the company decided to make the cut rather than to maintain prices and allow some of their business to go to the other manufacturers who have been making quiet concessions for some time past.

Also that the paper Trade Journal of April 30 states that—

A miscellaneous gathering of paper manufacturers took place in Chicago on Tuesday of this week. Mostly manila and fiber men were present at the conference, although there were representatives from other branches of the industry. The meeting was arranged for the purpose of discussing the Federal investigation which is now being conducted before the Federal grand jury in New York to ascertain whether there are any associations in the paper trade operating in restraint of trade and in violation of the Sherman antitrust law. After the meeting it was announced that the quotations on all grades of wrappings except all sulphite water-finished manilas had been reduced \$4 per ton.

Mr. SIMS. Then you were referring to the grand jury in New York?

Mr. NORRIS. Yes, and it was not unkindness on my part toward the committee. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Rates in price.	Present price.
Indiana.....	Evansville.....	Journal-News.....	August, 1908.....	\$47.00	.....	\$52.00
Do.....	La Fayette.....	Courier.....	.....	.....	\$7.40	48.00
Iowa.....	Burlington.....	Hawkeye.....	December, 1908.....	.....	9.60	51.20
Do.....	Council Bluffs.....	V. E. Bender.....	February 1, 1909.....	.....	8.00	50.00
Do.....	Creston.....	Advertiser.....	September 1, 1908.....	.....	13.00	50.00
Do.....	Des Moines.....	Register-Leader.....	August 1, 1908.....	.....	8.40	.....

The CHAIRMAN. You are not able to state, of course, the dates of these contracts?

Mr. NORRIS. The date of expiration?

The CHAIRMAN. Yes. Presumably under your previous statement, most of these contracts are yearly contracts?

Mr. NORRIS. I should assume so, yes; but I am not at all clear upon that. I have no information other than that which appears in these telegrams. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Iowa.....	Des Moines.....	Capital.....	February, 1900....	.....	\$10.00	\$50.00
Do.....	Sioux City.....	Tribune.....	August, 1908.....	\$20.00	8.80	50.00

That is 3 cents a pound. If you wish, I will dig out that telegram.

The CHAIRMAN. Referring back to the Evansville, Ind., quotation; you give the present price at \$52 and the quoted price at \$47.

Mr. NORRIS. Yes, there are indications of slight reductions. Some of those come from Canadian mills, and that will appear in the course of the reading. For instance, there is on the next page a reference to Canada, and there is also on the fourth page a reference to a reduction in price in North Dakota. Also on the last page, the Knoxville, Tenn., Journal-Tribune, which receives from Canada—

The CHAIRMAN. We will pick those up as we go along.

Mr. NORRIS (continues reading):

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Iowa.....	Waterloo.....	Times-Tribune.....	October, 1908.....	.....	\$8.75	\$49.50
Kansas.....	Atchison.....	Globe.....	May 1.....	.....	3.20	46.00
Do.....	Coffeyville.....	Journal.....	January 1, 1908.....	.....	4.80	56.20
Do.....	Fort Scott.....	G. W. Marble.....	September, 1908.....	\$47.00	.....	46.40
Do.....	Ioia.....	Register.....	.....	.....	4.40	52.40
Kentucky.....	Louisville.....	Evening Post.....	January 1, 1910.....	.....	6.00	44.00
Do.....	do.....	Anzeiger.....	.....	.....	14.00	55.00

The CHAIRMAN. Now, what possible explanation can there be of that; two papers, both located in Louisville, Ky., one now paying \$44, and raised \$6 per ton, and the other paying \$55, and raised \$14 per ton?

Mr. NORRIS. I suppose it is about the same explanation as that which would apply to some New York newspapers, where they are paying from \$38 a ton up to \$50 a ton.

Mr. STAFFORD. That is, it is explainable upon the form of the contract, and a raise in price based upon certain market conditions?

The CHAIRMAN. But this would not be explainable upon such hypotheses as that.

Mr. STAFFORD. The contract of the Evening Post does not expire until January 1, 1910.

Mr. NORRIS. That is probably the explanation. He had a five-year contract where the maximum was \$44 per ton; that is, where they could not raise it to more than \$44 under the five-year contract. That also applies to a number of the Pittsburg contracts. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Maine.....	Biddeford.....	Daily Journal.....	May 1, 1908.....	.....	\$2.00	\$22.00
Do.....	Portland.....	Evening Express.....	December, 1911.....	.....	10.00	50.00

Mr. BANNON. Those are not far from the mill!

Mr. NORRIS. There is a case of Mr. Bass, of Bangor, Me., who is within 7 miles of the paper mill, and who has a freight rate of 3 cents per 100 pounds. Mr. Hufey, the selling agent of the International Paper Company in Boston, went there, put the screws on Mr. Bass, and laid down to him the ultimatum of \$52 a ton. Mr. Bass was the man who for years had been their friend, and in the association had fought valiantly against free paper. But they made him pay the same price, although he is only 7 miles from the paper mill—or they asked the same price—as if he were located in New York.

Mr. BANNON. These prices up in Maine are the same as those out West?

The CHAIRMAN. But nearness does not cut much figure regarding hardly any product. The consumer pays more, or does not get it; and nearly every producer acts upon the same basis.

Mr. NORRIS (continues reading):

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Massachusetts...	Fitchburg.....	Sentinel.....	December 31, 1908.	.....	\$13.00	\$55.00
Do.....	Lowell.....	Courier-Citizen.....	April 1, 1908.	.....	7.00	52.00
Do.....	Lynn.....	Item.....	August, 1908.	.....	.....	50.00
Do.....	New Bedford.....	Standard.....	June, 1908.	.....	9.50	47.50
Do.....	North Adams.....	Transcript.....	January 31, 1908.	.....	8.00	50.00
Do.....	Springfield.....	Union.....	May 1.	.....	.....	53.00

* Canada.

That means f. o. b. mill, Canada.

The CHAIRMAN. I have a telegram from one of the managers of the Springfield Union; his contract has just expired.

Mr. NORRIS. I have a letter from him which I will submit. His contract expired May 1. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Massachusetts...	Taunton.....	Herald-News.....	December, 1908.	.....	\$7.00	\$52.00
Michigan.....	Adrian.....	Telegram.....	.....	\$46.00	.....	48.20
Do.....	Benton Harbor.....	News-Palladium.....	November, 1908.	.....	.....	52.00
Do.....	Detroit.....	Daily Abend.....	July 1.....	47.00	5.00	47.60
Do.....	do.....	Free Press.....	.....	.....	10.00	48.00
Do.....	Menominee.....	Herald-Leader.....	September 1, 1908.	.....	10.00	50.00
Do.....	Sault Ste. Marie.....	Evening News.....	January 1, 1908.	.....	.....	52.00
Minnesota.....	Duluth.....	Herald.....	October 1.....	.....	9.20	47.60
Do.....	Minneapolis.....	Journal.....	November 1.....	.....	11.00	45.00
Do.....	Winona.....	Independent.....	October 1, 1908.	47.00	.....	.....
Do.....	do.....	Republican Herald.....	do.....	.....	8.00	48.00
Missouri.....	Joplin.....	News-Herald.....	May 2, 1908.	.....	7.00	51.60
Do.....	do.....	Globe.....	May 1, 1908.	.....	4.70	45.50
Do.....	Kansas City.....	Journal.....	September, 1908.	.....	12.00	48.00
Montana.....	Anaconda.....	Standard.....	August, 1908.	.....	9.80	47.20
Do.....	Butte.....	Moner.....	.....	.....	6.00	44.00
Nebraska.....	Lincoln.....	Daily Star.....	August 1, 1908.	.....	.....	48.00
Do.....	do.....	State Journal.....	June 1, 1908.	.....	9.00	46.00
New Hampshire.....	Nashua.....	W. H. Prichard.....	January 1, 1909.	55.00	14.00	52.00
Do.....	Manchester.....	R. W. Pillsbury.....	August, 1908.	49.00	.....	40.00
Do.....	do.....	Mirror-American.....	March 1, 1908.	.....	8.00	53.00
New Jersey.....	Newark.....	Morning and Evening Star.....	April 1, 1908.	.....	.....	50.00
Do.....	Paterson.....	Guardian.....	May, 1908.	.....	12.00	50.00
New Mexico.....	Albuquerque.....	Morning Journal.....	December 31, 1908.	.....	8.40	67.40
New York.....	Albany.....	Herald.....	.....	.....	8.40	57.40
Do.....	Binghamton.....	Press.....	January 1, 1908.	.....	9.20	52.00
Do.....	Buffalo.....	Evening News.....	1910.	.....	.....	.....
Do.....	Elmira.....	Advertiser.....	December, 1907.	.....	13.00	53.00
Do.....	Rome.....	Sentinel.....	December, 1908.	.....	12.00	52.00
Do.....	Syracuse.....	W. E. Garden.....	do.....	.....	15.00	50.00
Do.....	do.....	Herald.....	do.....	46.00	15.00	51.00

* F. o. b. mill.

The CHAIRMAN. Now, what would that probably indicate? That everybody got scared about prices last December?

Mr. NORRIS. And made contracts then.

The CHAIRMAN. And made contracts at the top prices?

Mr. NORRIS. At the time of the greatest power of the gentlemen who were making prices.

The CHAIRMAN. Well, is it not a fact that they were high; did not the paper manufacturers go into hysterics last year about their own business?

Mr. NORRIS. In December they were just beginning to recover from the orgy, as the consumption was shrinking; but they evidently carried out the prices as scheduled, with some bonus. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
New York.....	Troy.....	Record.....	December 31, 1907.	.....	\$12.00	\$50.00
North Carolina..	Asheville.....	Gazette-News.....	December 31, 1908.	.....	10.00	60.00
Do.....	Charlotte.....	W. C. Dowd.....	January, 1908.	.....	14.80	58.00
Do.....	do.....	Observer.....	May 1, 1908.....	.....	.....	55.50
North Dakota....	Grand Forks....	Herald.....	.....	.....	* 1.20	50.80
Do.....	do.....	Evening Times.....	August, 1908.....	\$50.20	* 8.40	58.00

* Reduced.

That is, reduced \$8.40. I will have to refer to that telegram to see what that means. It is evidently brought down to the same basis as the quotation. It is quoted at \$50.20.

The CHAIRMAN. From the present price to the quoted price.

Mr. NORRIS. They may confound in one case the price at the mill with the price of delivery in the other cases. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Ohio.....	Cleveland.....	Wachter and Anselg.	January 1, 1910..	.....	\$12.00	\$52.00
Do.....	Lima.....	H. D. Campbell.....	October, 1908.....	\$49.00	.....	.....
Do.....	Mansfield.....	News.....	August, 1908.....	.....	9.40	51.00
Do.....	Toledo.....	Express.....	May, 1909.....	.....	9.70	48.50
Do.....	Youngstown.....	Telegram.....	July 1, 1908.....	.....	9.00	47.80
Do.....	Zanesville.....	Times-Recorder.....	January, 1908.....	.....	12.20	52.00
Pennsylvania....	Allentown.....	Morning Call.....	May 15, 1908.....	50.00	.....	48.00
Do.....	Bethlehem.....	Times.....	December 31, 1908.	.....	10.00	52.00
Do.....	Easton.....	Free Press.....	January 1, 1908.....	.....	11.00	53.00
Do.....	Harrisburg.....	Telegraph.....	January 1, 1909.....	.....	11.00	50.00
Do.....	do.....	Star-Independent.....	December 31, 1908.	.....	4.00	52.80
Do.....	Johnstown.....	W. W. Bailey.....	January 1, 1909.....	.....	11.00	51.00
Do.....	Lancaster.....	Examiner.....	December 2, 1907.....	52.40	.....	52.00
Do.....	Oil City.....	P. C. Boyle.....	January 1, 1909.....	50.00	.....	51.20
Do.....	Philadelphia....	Inquirer.....	December, 1907.....	.....	12.00	50.00

That means an addition of \$168,000 to his cost for the Inquirer per annum.

The CHAIRMAN. His contract has expired; he has not renewed it?

Mr. NORRIS. Oh, yes. I have a letter from him on that point, received last night, wherein he stated this: That he applied to the International Paper Company for a quotation on paper. He had been paying the Berlin Mills Company \$1.90; that is, \$38 per ton. He is using 14,000 tons of paper a year, and therefore is restricted as to the mills to which he can go for supply. When he applied to the International Paper Company, they told him that they did not have a

pound of paper to sell to him even if he paid 5 cents a pound for it. The Berlin Mills Company named a price of \$2.50, or \$50 a ton, and gave him twenty days in which to accept it or go without; and he was in a position where he had to accept it, and did accept an additional burden of \$168,000 a year.

The CHAIRMAN. He made a new contract?

Mr. NORRIS. Yes. He has written a letter which I will submit to the committee with respect to his particular case.

The CHAIRMAN. According to this compilation his contract expired in December, 1907.

Mr. NORRIS. This arrangement was forced upon him some time before the actual expiration of the contract, where the price was raised by the Berlin Mills Company at one swoop.

The CHAIRMAN. Of course, we want Mr. Elverson to appear before us, as his case seems to be one of the most important. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Pennsylvania....	Pittsburg.....	A. J. Barr.....	1910.....	.....	.....	\$44.00

That is one of the arbitrated contracts for five years, where \$44 is the maximum during the life of that contract. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Pennsylvania....	Pittsburg.....	Leader.....	December 31, 1908..	.....	\$6.00	\$44.00

The CHAIRMAN. That one, I think, you will have to revise.

Mr. NORRIS. Which one—a raise of \$6?

The CHAIRMAN. The Scranton Tribune.

Mr. NORRIS. I will look at that. It may be a typographical error. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Pennsylvania...	Scranton.....	Tribune.....	January 1, 1909 ^a.....	.....	\$9.00	\$33.00
Do.....	York.....	Gitt and Geesey.....	August, 1907.....	.....	11.00	52.00
Rhode Island....	Newport.....	Daily News.....	December, 11 08.....	.....	7.00	55.00
Do.....	Pawtucket.....	Times.....	December 31, 1908.....	.....	12.00	.....
Do.....	Providence.....	M. T. Dwyer.....	February 29, 1912.....	.....	12.00	50.00
South Carolina..	Charleston.....	News and Courier.....	December 31, 1908.....	.....	11.00	54.00
Tennessee.....	Chattanooga.....	News.....	August 1, 1908.....	.....	10.50	55.50
Do.....	Knoxville.....	Journal-Tribune.....	July, 1908.....	(^a).....	.....	Canada
Do.....	do.....	G. T. Milton.....	December, 1908.....	.....	9.50	52.50
Do.....	Memphis.....	Commercial Appeal.....	January 1, 1908.....	.....	12.00	.....
Do.....	do.....	News-Schmitar.....	.....	.....	13.00	.....
Do.....	Nashville.....	American.....	February 13, 1909.....	.....	10.00	52.50
Texas.....	El Paso.....	Herald.....	October, 1908.....	.....	33 p.ct	.....
Do.....	Fort Worth.....	Record.....	July, 1908.....	^b \$47.00	\$9.40	^b \$37.60 ^c \$36.00

^a As before.

^b F. o. b. mill.

^c Canadian mill.

Mr. STAFFORD. I guess that Fort Worth Record is confusing; \$37.60 was the former price, and the present price is \$47, an increase of \$9.40.

Mr. NORRIS. Possibly. It is quoted \$47 f. o. b. mill.

Mr. STAFFORD. It makes a difference of \$9.40.

Mr. NORRIS (continues reading):

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Texas.....	Houston.....	M. E. Foster.....	July 1, 1908.....	{ \$46.00 \$39.00 }	.....	.....

• American mill.

• Canadian mill.

Mr. STAFFORD. That is the only information we have showing an increase of price in the Canadian mills.

Mr. NORRIS. I have a telegram here and testimony where there is a Canadian offering a contract now to one of our members at a price with the understanding that if the tariff is revised he will split the tariff with the newspaper. That is, he will cut the price in the event of the reduction of the tariff, the abolition of the tariff, on print paper.

Mr. STAFFORD. He will divide the tariff?

Mr. NORRIS. He will split it with the newspaper. He will reduce the price \$3 out of the \$6.

Mr. STAFFORD. Why should he not agree to reduce it entirely?

Mr. NORRIS. That is one of the telegrams. I simply submit it for what it is worth.

Mr. STAFFORD. If the tariff is taken off, I do not see why he should claim any of the benefit.

Mr. NORRIS. He is making the offer now in advance, on a contingency. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Texas.....	Houston.....	Post.....	.....	.....	\$7.40	\$45.00
Utah.....	Salt Lake.....	Herald.....	May, 1908.....	.....	\$2.00	\$41.00

• Reduced.

• F. o. b. mill.

I do not know whether that \$2 applies to the Salt Lake Herald or to the Houston Post. I will submit that dispatch so as to verify it. [Continues reading.]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Vermont.....	Burlington.....	Free Press.....	October, 1908.....	.....	\$12.80	\$52.00
Do.....	do.....	Daily News.....	1908.....	.....	11.00	54.00
Do.....	St. Albans.....	Messenger.....	May, 1908.....	.....	10.00	52.00
Virginia.....	Norfolk.....	Ledger-Dispatch.....	December 31, 1908.....	.....	10.00	52.00
Do.....	do.....	Virginian Pilot.....	June 30, 1908.....	.....	.....	43.00
Do.....	Richmond.....	.....	.....	.....	8.00	50.00
Do.....	Roanoke.....	Evening World.....	December 31, 1908.....	.....	13.00	56.00
Washington.....	Seattle.....	Post-Intelligence.....	May, 1911.....	.....	.....	.....
West Virginia.....	Wheeling.....	Intelligencer.....	January 1, 1908.....	.....	10.00	.....
Wisconsin.....	Racine.....	Journal.....	September 1, 1908.....	.....	7.00	50.00
Wyoming.....	Cheyenne.....	Tribune.....	January 1, 1908.....	.....	9.00	51.00

The quotation as to the Norfolk (Va.) Pilot means obviously at the mill, but it does not say so.

Here is another list——

(At this point the buzzer sounded.)

The CHAIRMAN. You have heard the buzzer. Evidently they have demanded the approval of the journal of yesterday, which relates only, however, to eulogies on the deceased Senator from Florida.

That is the way our time is wasted by gentlemen pretending to do it in your interest. We have to go to the House to vote.

Mr. NORRIS. Other gentlemen pretending to be in our interest might have obviated the necessity of the roll call about five weeks ago.

The CHAIRMAN. I do not know of any way of obviating the necessity of a roll. If there is any way, we have been trying to discover it. If you are the bright genius who can tell us how to do it under the Constitution, you are the man in demand here. You will not have to go back to the newspaper business.

Mr. NORRIS. Pass the Stevens bill, and you will be saved. [Laughter.]

Thereupon, at 12.05 o'clock p. m., a recess was taken until 2 o'clock p. m.

AFTERNOON SESSION.

Pursuant to recess, the committee reassembled at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. Now, Mr. Norris, you may proceed.

Mr. NORRIS. Continuing the list of newspaper prices and reports. [Reads:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Texas.....	Waco.....	Herald.....	November 1, 1908.	\$64.00	.....	\$60.00

Mr. SIMS. In Texas you will have to call that "Wayco."

The CHAIRMAN. You read that before.

Mr. NORRIS. No; that was the longer list. Here is a supplemental list of others that came in yesterday afternoon. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Virginia.....	Lynchburg.....					
Wisconsin.....	Janesville.....	Gazette.....	October 1, 1908.....		\$11.00	\$51.00
Do.....	Oskosh.....	Northwestern.....	February, 1901.....		6.20	48.00
Connecticut.....	Ansonia.....	Sentinel.....	September 1, 1908.....		9.40	10.00
Do.....	Meriden.....	Morning Record.....	February, 1908.....		12.00	52.00
Indiana.....	South Bend.....	Tribune.....	February 1, 1910.....		8.00	49.00
Iowa.....	Dubuque.....	Telegraph-Herald.....	September 1, 1908.....		9.80	49.80
Kansas.....	Great Bend.....	W. P. Feeder.....			13.00	63.00
Do.....	Wichita.....	Beacon.....	September, 1907.....		9.00	48.40
Kentucky.....	Louisville.....	Herald.....	April 7, 1908.....		2.40	48.40
Massachusetts.....	Lynn.....	Item.....	August, 1908.....		8.00	50.00
Maryland.....	Baltimore.....	Edw. Raine.....	January 1, 1909.....		10.00	58.00
Missouri.....	Sedalia.....	Democrat.....	August 1, 1908.....	\$48.00		52.70
New Jersey.....	Newark.....	Freie Zeitung.....	March 1, 1908.....		9.00	52.00
Oklahoma.....	Muskogee.....	Times-Democrat.....	November, 1907.....		12.10	10.10
Arkansas.....	Little Rock.....	Gazette.....	January 1, 1909.....			52.40
California.....	Eureka.....	Herald.....				72.00
Do.....	San Francisco.....	Bulletin.....	1911.....			
Florida.....	Tampa.....	Times.....	August 1, 1909.....	60.00		56.00
Georgia.....	Macon.....	R. L. McKenney.....	December 31, 1908.....		11.00	57.00
Illinois.....	Peoria.....	C. H. Main.....	January 1, 1908.....		8.10	.....
Do.....	Quincy.....	Whig.....	January 1.....		12.40	51.00
Iowa.....	Davenport.....	Democrat.....	August, 1907.....		10.00	50.00
Do.....	Dubuque.....	Times-Journal.....	September 1, 1908.....		10.00	50.00
Do.....	Sioux City.....	Journal.....	August 1.....		9.00	.....
Kansas.....	Wichita.....	Eagle.....	April 15.....		60.00	.....

That \$60 is in the wrong column. The present price is \$60.

The CHAIRMAN. That should be in the other column?

Mr. NORRIS. Yes, sir. I mark it here for the other column. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Massachusetts.....	Pittsfield.....	Eagle.....	January 1, 1929			\$44.00
Do.....	Worcester.....	Post.....	December, 1928.		\$10.00	48.00
Maine.....	Bath.....	F. B. Nichols.....			10.00	55.00
Michigan.....	Hancock.....	Evening Journal.....	June, 1937		12.00	54.00
Minnesota.....	St. Paul.....	Dispatch.....				
Do.....	do.....	Volkzeitung.....	June 10, 1938	\$46.50		41.50
Montana.....	Great Falls.....	Tribune.....	October 1, 1939			45.50
Nebraska.....	Grand Island.....	Independent.....			.28	63.80

I will have to look that up. [Continues reading:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
New York.....	Albany.....	Argus.....	December, 1937.....		\$10.00	\$72.00
Pennsylvania.....	Altoona.....	Tribune.....	April 1, 1928.....		5.00	50.00
Do.....	Lancaster.....			\$2.40		
South Dakota.....	Watertown.....	Public Opinion.....				59.00
Texas.....	Galveston.....	Tribune.....	April, 1929.....		9.40	47.49
Do.....	San Antonio.....	Light.....	December, 1908.....		7.00	44.80

a F. o. b. mill.

The CHAIRMAN. Have you the original telegrams, on which these were based, with you?

Mr. NORRIS. Yes, sir; I have them here [submitting telegrams to chairman].

The CHAIRMAN. Are they arranged by States?

Mr. NORRIS. No; I think not.

The CHAIRMAN. They must have been arranged.

Mr. NORRIS. They were arranged originally. I have been going over them. I doubt if they are arranged that way now. There are some that I have taken out to call to your special attention, growing out of remarks that were made.

The CHAIRMAN. Have you any objection to putting these in?

Mr. NORRIS. No. On the contrary, I am delighted.

The CHAIRMAN. I think they might be put in the record. Are you going to read some there?

Mr. NORRIS. Yes.

The CHAIRMAN. Mr. Norris, referring to these statements which you have made and these computations, which I suppose have been furnished to the stenographer, to go into the record complete, they are all based upon the telegrams sent to Mr. Ridder, are they?

Mr. NORRIS. Yes.

The CHAIRMAN. These telegrams are all in reply to that request that he sent out by telegraph to members of the Publishers' Association and the Associated Press?

Mr. NORRIS. Yes.

The CHAIRMAN. Practically they are all up to date?

Mr. NORRIS. Yes; that is right.

The CHAIRMAN. We put that telegram into the record this morning?

Mr. NORRIS. Yes. It preceded all the statements.

The CHAIRMAN. So that in inserting these telegrams in the record, nothing need be put in except the telegrams themselves, and the names signed to the telegrams, and the names of the places the telegrams are from?

Mr. NORRIS. Yes. That is in many cases the only guide to them.

The CHAIRMAN. Yes; very well.

Mr. NORRIS. I have here a telegram from the *Augusta Chronicle*. It is merely secondhand. I do not know whether you want it in or not; whether you think it ought to go in or not. It refers to what I spoke of this morning, namely, to the offer in case the tariff were taken off.

The CHAIRMAN. Yes. Put it in.

Mr. NORRIS (reads):

AUGUSTA, GA., May 1, 1908.

HERMAN RIDDER, *New York*:

Gonzales, of Columbia State, can tell you of Canada mill which offers him paper \$2.65 delivered and to reduce price \$3 per ton if tariff is taken off, splitting difference with him on tariff saving.

THOS. W. LOYLESS,

Editor and Manager The Augusta Chronicle.

Shall I put in the Elverson telegram, which you had been saving?

The CHAIRMAN. That is all right. We will probably want to get somebody here from the publishers.

Mr. NORRIS (reads):

PHILADELPHIA, PA., May 2, 1908.

Mr. JOHN NORRIS, OF

Mr. HERMAN RIDDER,

Care of Print-Paper Committee, Washington, D. C.:

Have sent the following telegram to Mr. Mann to-day: "Illness prevents me from going to Washington. The *Inquirer's* price was raised from \$1.90 to \$2.50. It was impossible to buy paper or even get a price from any one of the other large paper-making concerns when our contract was made last December. My experience was that the *Inquirer* was allotted to the Berlin Mills Company, from whom I had purchased paper during the previous year. The International Company informed me that they positively had no paper for sale, even at 5 cents a pound. This, of course, enabled the Berlin Mills Company to charge \$2.50. In addition I was given twenty days to settle the matter one way or the other. As I could not buy paper elsewhere I was forced to buy from them. My order is 13,000 tons per year; consequently, there are only three or four concerns that I can do business with, as I have to be assured of our supply."

JAMES ELVERSON,

Publisher the Philadelphia Inquirer.

I made a slight mistake this morning. I said 14,168. It is 13,000, multiplied by 12, which would be 156,000.

The CHAIRMAN. You stated how much extra it will cost him. Can you tell how much he will have left of profits after he pays it?

Mr. NORRIS. I do not know. I know how much enthusiasm he will have for the protective tariff in Philadelphia. [Laughter.]

I will submit a letter sent by Mr. Samuel Bowles, of the Springfield Republican, dated May 1.

The CHAIRMAN. This is in response to a telegram?

Mr. NORRIS. Yes. [Reads:]

SPRINGFIELD, MASS., May 1, 1908.

Mr. HERMAN RIDDER,

Staats Zeitung, New York.

DEAR MR. RIDDER: Replying to your telegram by Associated Press to-day, our contract for paper expires July 1. We are now paying \$2 per 100 pounds to the International. The lowest offer we have so far had from any source (not the International) is \$2.40 per 100 pounds, except that one concern offered \$2.41, or \$2.31 "if the present duty of 30 cents per 100 is taken off." This last offer has now been withdrawn.

I am looking for lower quotations; in fact, I expect one to-morrow.

Will go to Washington next week if necessary, but would rather not.

Truly, yours,

SAML. BOWLES.

He was telegraphed to, asking him to come.

Mr. STAFFORD. Will you kindly designate the Columbia State, the paper referred to in this telegram, which says: "Gonzales, of Columbia State, can tell you of Canada mill which offers him paper 2.65 delivered, and to reduce price \$3 per ton if tariff is taken off, splitting difference with him on tariff saving?"

Mr. NORRIS. South Carolina.

Mr. SIMS. Columbia, S. C.

The CHAIRMAN. Do you judge from that telegram that the net result of the repeal of the tariff would be a reduction of \$3 per ton in the price of paper?

Mr. NORRIS. No, sir; \$6 at least, and probably \$12; but a minimum of \$6.

The CHAIRMAN. That telegram does not seem to indicate that.

Mr. NORRIS. That is purely anticipatory. It is a gamble on a chance. Do you think the chances are even that it will pass? [Laughter.] That is just exactly what this Canadian manufacturer is discussing.

The CHAIRMAN. I suppose the telegram is offered in evidence for some purpose. You may not know what the purpose is, but the man who wrote the telegram had some purpose in his mind. His purpose was to show that the net benefit of the repeal of the tariff would be to reduce the price of paper \$3 a ton.

Mr. NORRIS. If the paper manufacturers thought that is all it would do, I think maybe they would go home and feel very happy.

I have also, in response to a telegram, a batch from the Troy Record, of letters to and answers from—

The CHAIRMAN. Do not get away from the telegrams.

Mr. NORRIS. This is in response to this telegram.

The CHAIRMAN. In response to this telegram?

Mr. NORRIS. Yes; in response to this telegram. He sends all of his correspondence.

The CHAIRMAN. Let us take that up separately. Let us dispose of these other telegrams first.

Mr. NORRIS. Here is one case you asked about—of \$60 a ton in Florida. Here is a telegram covering that [submitting the following]:

TAMPA, FLA., May 2, 1908.

HERMAN RIDDER:

Have been buying paper from International Paper Company up to January 1, \$2.25 f. o. b. Tampa; contract price raised to \$3 on January 1; impossible to go to Washington.

W. F. STOVALL,

President Tribune Publishing Company.

Here is a telegram showing a decline of \$3.20 in price from Atchison, Kans., T. W. Howe [submitting following]:

ATCHISON, KANS., May 2, 1908.

HERMAN RIDDER, New York:

The Atchison Globe has just closed new year contract at \$2.32 delivered; decline of 16 cents.

T. W. HOWE.

The CHAIRMAN. Is that Fort Scott, Kans.?

Mr. NORRIS. No; the Atchison Globe.

Mr. MILLER. What does the telegram say?

Mr. NORRIS. A contract at \$2.32; decline of 16 cents.

The CHAIRMAN. Minus \$3.20!

Mr. NORRIS. Yes.

Here is a telegram from the Louisville Evening Post, explaining why its price is no more than \$44. [Reads:]

LOUISVILLE, KY., May 2, 1908.

HERMAN RIDDER,

Staats-Zeitung, American Publishers' Association, New York:

Regret can not be present at Washington hearing. Evening Post contract expires January 1, 1910; price \$2.20, maximum, delivered on sidewalk, Louisville. Price can not exceed \$2.20, nor be less 2 cents. Fixed each year on market. Old contract was at \$1.80 to \$2.20. Increased from \$1.80 to \$2.20 in eight years.

LOUISVILLE EVENING POST.

The CHAIRMAN. Did you get out these other telegrams where the price was decreased to see and explain whether that was correct or not?

Mr. NORRIS. I pulled out every one where I thought there was anything out of the routine that struck me when I went through it. Some of them may have escaped me.

I also have a letter from the Springfield Union, accompanying or following a telegram of Friday night. I will put that in with the Troy letter, after I have finished with these.

Mr. STAFFORD. The publishers are paying \$46 at the Canadian mill. Can you give the synopsis of that letter?

Mr. NORRIS. What case is it?

Mr. STAFFORD. The case of the Springfield Union.

Mr. NORRIS (reads):

SPRINGFIELD, MASS., May 1, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Detail of paper situation mailed to-night.

SPRINGFIELD UNION.

THE SPRINGFIELD UNION,
Springfield, Mass., May 1, 1908.

HERMAN RIDDER, *New York City.*

MY DEAR MR. RIDDER: Your telegram in reference to paper situation received, and, as I telegraphed you, we are at your service if there is anything we can do to help this situation along. Our position is this: At the present time we are purchasing our paper in Canada, arrangements for which were made last July. Our supply from this source commenced January 1, 1908. Our contract price is \$1.80 at the mill, which of course is much lower than the present prices, either in Canada or here.

We tried to renew with the International, but were unable to get any quotations from them. The only statement we could get from their New England representative was that when our contract expired they would take care of us. We didn't feel, in view of the rumors there were at that time in reference to the advance of paper, that we were justified in delaying making our contract until later in the year, so were forced to go over into Canada in order to get our supply at a price which seemed satisfactory to us. Some time later in the fall we received a letter from the International Paper Company stating that they regret exceedingly that they are unable to renew our contract or supply us with paper. I presume they had discovered that we had made our contract with the Canadian mill, and therefore preferred to appear in the position of turning us down rather than the reverse. At the time I was negotiating with the Canadian mill, however, I talked with several dealers in the United States, but could not get any quotations under \$2.45. If, as indicated in your telegram, you desire the presence of some one from the Union in Washington next week, kindly advise us and we will respond.

Yours, very truly,

THE SPRINGFIELD UNION.
J. D. PLUMMER.

Mr. STAFFORD. That letter also confirms another citation that the price at present in Canada has gone up from that of a year ago.

Mr. NORRIS. I have some Canadian prices here that I can give you at this time.

Mr. STAFFORD. No; let us go in a regular order.

The CHAIRMAN. Let us get these telegrams out of the way first.

Mr. NORRIS. Inquiry was made about the Montana price, whether it was f. o. b. mill or not. It evidently was, from this telegram from the Anaconda Standard.

The CHAIRMAN. What is the point?

Mr. NORRIS. You had asked the price of Montana papers, and it here states it is at the mill, f. o. b. mill. [Reads:]

ANACONDA, MONT., May 1, 1908.

HERMAN RIDDER,

President American Newspaper Publishers Association, New York:

Under contract which expired last fall we paid \$1.90, less 2 per cent for cash at mill, for No. 2 grade news. While in St. Paul and Chicago last August found that all jobbers and selling agencies quoted practically same price, \$2.35, less 2 per cent cash at mill. We made one-year contract with selling agency for Itasca Paper Mill, Grand Rapids, Minn., No. 1 grade news at \$2.36, net cash at mill. All quotations carried Missouri River freight rate, which is 95 cents 100 pounds to Montana common points. Have not had any new quotations.

THE ANACONDA STANDARD.

Here is a sequence in connection with the H. G. Craig & Co. contract.

The CHAIRMAN. A what?

Mr. NORRIS. A sequence in the dates of raises in the same paper. [Reads:]

CHATTANOOGA, TENN., May 2, 1908.

HERMANN RIDDER,

American Newspaper Association, New York:

Continuing ours yesterday. Prior to April, 1907, we paid \$2.05 delivered. We made contracts through H. G. Craig & Co., as follows: April 3, 1907, at \$2.50; June 1, 1907, at \$2.60; January 19, 1908, at \$2.77½. Made short-time contracts each time, believing that price would be lower, but were informed by representative time that price would advance.

CHATTANOOGA NEWS.

The CHAIRMAN. That man was a true prophet.

Mr. NORRIS. Yes. This telegram is interesting merely as showing that this series of advances was continued on those dates.

Mr. STAFFORD. Let me see from whom it was.

Mr. NORRIS. It was from the Chattanooga (Tenn.) News.

Here is a telegram from Canada [reads]:

LANSING, MICH., May 2, 1908.

HERMAN RIDDER, *Washington, D. C.:*

Present contract made last December runs to January 1 next at \$2.60. Previous contract was at \$2.10. Present paper comes from Canada because American mills demanded \$2.75 in December. Your agitation of matter has broken market price to about \$2.40.

E. M. THORPE, *The State Republican.*

I understand he is now getting it at \$2.60.

The CHAIRMAN. I understood it was a Canadian newspaper.

Mr. NORRIS. Oh, no.

Here is a decrease, slightly [reads].

GREAT FALLS, MONT., May 2, 1908.

HERMAN RIDDER, *New York:*

Just closed contract for one year ending October 1, 1909, at \$2.27½ f. o. b. Little Falls, Minn.; slight decrease from present rate.

TRIBUNE

Mr. STAFFORD. That is at the rate of \$45 a ton?

Mr. NORRIS. Forty-five.

Here is a telegram from the Eagle, Pittsfield, Mass. [Reads:]

HERMAN RIDDER, *New York*:

Paper contract expires January 1, 1909. Price of same, \$2.20 per 100. Two concerns have asked to quote me but can get no figures from them yet. Am given to understand there is no probability of a price under \$2.50.

K. B. MILLER,
Eagle, Pittsfield, Mass.

Under \$2.50.

Here are some letters; one a letter from the Arizona Republican, which I extracted from the bunch merely to show the Arizona price. [Reads:]

PHOENIX, ARIZ., *May 2, 1908.*

HERMAN RIDDER, *Staats-Zeitung, New York*:

Have just received our news contract dating from May 1 at \$2.20 net f. o. b. mill. Last year paid same less 3 per cent thirty days' freight rate to Phoenix, \$1.89; impossible to go to Washington.

ARIZONA REPUBLICAN.

This is the one you asked about. [Reads:]

ROCKFORD, ILL., *May 2, 1908.*

HERMAN RIDDER, *New York City*:

January 1 next raised 3½ cents to \$2.41. Testimony big publishers carry more weight than mine.

EDGAR E. BARTLETT.

Daily Journal, Biddeford, Me. [Reads:]

BIDDEFORD, ME., *May 2, 1908.*

HERMAN RIDDER, *Staats-Zeitung, New York*:

Contract expired May 1. Increase from \$2.50 to \$2.60 demanded for renewal.

DAILY JOURNAL.

Evening Express, Portland, Me. [Reads:]

PORTLAND, ME., *May 2, 1908.*

HERMAN RIDDER, *New York City*:

Our paper contract for five years expires December, 1911. Price adjustable December each year. Price 1907 was \$2; 1908, \$2.50.

EVENING EXPRESS.

Mr. STAFFORD. Who is that from?

Mr. NORRIS. Portland, Me.

Mr. STAFFORD. Is it a five-year contract?

Mr. NORRIS. It is evidently adjustable each year on the market.

It is evidently to secure a supply.

Mr. STAFFORD. That is not the style of contract that the Chicago Tribune and these other papers had?

Mr. NORRIS. It might be. They are close to the paper mills, right there. It might be the same. It might be the same as the case of Bass at Bangor.

Mr. STAFFORD. The minimum price is much less than the maximum price?

Mr. NORRIS. Yes.

I have another letter here. The budget also includes eight telegrams that arrived this morning that I have not been able to put into typewriting.

The CHAIRMAN. Before you go to those, let us get at these

Mr. NORRIS. They are in that bunch. I want to get these into the record. [Reads:]

State.	City.	Name of paper.	When present contract expires.	Terms quoted.	Raise in price.	Present price.
Michigan.....	Lansing.....	State Republican....	December 31, 1908.	\$55.00 (\$48.00)	\$10.00	^b \$52.00
Georgia.....	Savannah.....	Morning News.....	do.....	.....	9.00	.....
New Hampshire.	Keene.....	Sentinel.....	July 1, 1908.....	.....	8.00	50.00
Mississippi.....	Jackson.....	Daily News.....	February 1, 1909.....	.....	8.80	57.80
South Dakota.....	Sioux Falls.....	Daily Press.....	.....	.....	8.40	49.60
New York.....	Amsterdam.....	Evening Recorder.....	December 31, 1908.....	.....	12.00	52.00
Missouri.....	St. Louis.....	Republic.....	1910.....	.....	.....	.....
Rhode Island.....	Providence.....	Journal.....	1909.....	.....	9.00	50.00

^a Reduced to.

^b Canadian.

Now, shall I read those letters that came in response to telegrams? The CHAIRMAN. They ought to go in according to States, so that we can find them.

Mr. NORRIS. Shall I undertake to classify them according to States, or will you do that?

The CHAIRMAN. I think they are mainly arranged according to States now, unless you have taken a few out in some places.

Mr. NORRIS. I have taken a few out.

The CHAIRMAN. There is one here on top that is not in accordance with the arrangement by States.

Mr. NORRIS. I can bring them to-morrow morning.

The CHAIRMAN. We want them to go into the record to-day.

Mr. NORRIS. Shall I arrange them?

The CHAIRMAN. If you will; put that in its place.

Mr. NORRIS (submits following):

TUCSON, ARIZ., May 2, 1908.

HERMAN RIDDER, *New York:*

Contract expires September. Present prices \$2.60 soft fold and \$2.45 roll. No quotations for renewal at time making contract. Informed news sure go higher.

STATE CON. PUB. CO.

COLORADO SPRINGS, COLO., May 1, 1908.

HERMAN RIDDER,

President American Newspaper Publishers Association, New York:

Contracts both dailies here expire next September. Carpenter raised us 40 cents a hundred last fall. Impossible to visit Washington.

EVENING TELEGRAPH.

LEADVILLE, COLO., May 1, 1908.

HERMAN RIDDER,

Editor Staats Zeitung, New York:

Paper contract expires December 31, 1908. Paying \$2.50 at mill. Last contract \$2.30.

JAS. M. KNIGHT,

Manager Herald Democrat.

BRIDGEPORT, CONN., May 2, 1908.

HERMAN RIDDER,

Staats Zeitung, New York:

Contract renewed May 1; paying \$2.50; raised 25 cents. Am not sure about going to Washington.

THE BRIDGEPORT STANDARD.

HARTFORD, CONN., May 2, 1908.

HERMAN RIDDER:

Out December next; \$2.25 new price; asked \$2.60. Will go to Washington if necessary.

G. L. DICKINSON,

Publisher Evening Post.

HARTFORD, CONN., *May 2, 1908.*HERMAN RIDDER, *New York:*

Paper contract expired last month. Were raised from \$1.90 to \$2.50 per hundred.
THE COURANT.

NEW LONDON, CONN., *May 2, 1908.*HERMAN RIDDER, *Care M. E. Stone, New York:*

Contract expires January 1, 1909; no quotation for renewal. Now pay \$2.55 to Manufacturers Paper Company; was paying 2 cents to International. Latter wanted \$2.60. Can not go to Washington.

THEODORE BODENWEIN,
Publisher The Day.

WATERBURY, CONN., *May 1, 1908.*

HERMAN RIDDER,

Staats-Zeitung, New York:

Contract expires August; have not taken up question of renewal. Generally impossible to get quotations in advance; paying \$47.50, increase of \$7.50. Will go to Washington.

WATERBURY REPUBLICAN.

ATLANTA, GA., *May 2, 1908.*

MR. HERMAN RIDDER,

New York Staats-Zeitung, New York City:

Replying your telegram, our paper contract does not expire until January 1, 1909. We have not been quoted new prices yet. If we can render any service will give any testimony in our possession.

ATLANTA CONSTITUTION.

MAY 1, 1908.

HERMAN RIDDER, *Staats-Zeitung:*

Replying to request, paper contract expires with present year. No prices yet quoted for renewal, but indications point to heavy advance. Impossible go Washington next week.

J. R. GRAY, *Atlanta Journal.*AUGUSTA, GA., *May 1, 1908.*HERMAN RIDDER, *New York:*

Answering yours this date. In 1906 offered paper by A. E. Smith at \$2.18 delivered. Contracted with International at \$2.22½. In 1907 raised to \$2.30. For 1908 International demanded \$2.80. I contracted with Manufacturers' Paper Company at \$2.60 delivered, 300 tons basis. Augusta freight rate is 34. Our contract expires next December. Can't go to Washington. Congratulate you on your great work.

THOS. W. LAYLESS,
Editor and Manager the Augusta Chronicle.

COLUMBUS, GA., *May 1, 1908.*HERMAN RIDDER, *New York:*

Our contract with International was renewed January 1 for one year. Price was increased from \$2.30 delivered to \$2.85 delivered. Can not go to Washington next week unless expenses are paid.

THE ENQUIRER SUN.

SAVANNAH, GA., *May 2, 1908.*HON. HERMAN RIDDER, *New York:*

Last year we paid \$2.20 for paper. Since January 1 have to pay \$2.60.

P. A. STOVALL, *Savannah Press.*BLOOMINGTON, ILL., *May 2, 1908.*HERMAN RIDDER, *New York, N. Y.:*

The Bulletin paper contract will expire November 1, 1908. Are paying \$2.50. Raise of 40 cents and elimination of 3 per cent discount was made November 1, 1907. Impossible to be in Washington next week.

BRALEY & O'DONNELL.

CHICAGO, May 1, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Our contracts run to January 1, 1910. I can be in Washington late next week.

FRANK B. NOYES.

CHICAGO, ILL., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung:*

Our contract expires December 1. No competitive bid last year. Raised from \$1.87½ to \$2.42½. Can not come to Washington.

ABEND POST.

DANVILLE, ILL., May 2, 1908.

Mr. HERMAN RIDDER, *New York:*

Our contract expires July 1. Had several inquiries for specifications, but no quotations offered. Now paying \$2.44½ net f. o. b. Danville. Last year paid \$1.96 net.

COMMERCIAL NEWS.

DECATUR, ILL., May 2, 1908.

HERMAN RIDDER,

*President American Newspaper Publishers' Association,
New York City:*

Contract expired March. Buying on open market; old price, \$2.18; present price, \$2.40, both net and delivered. Impossible to go to Washington.

HERALD-DESPATCH CO.

MOLINE, ILL., May 2, 1908.

HERMAN RIDDER,

New York Staats-Zeitung, New York:

Contract expires August 1. No price for renewal quoted. Paying \$2.52½. Raised from \$2.02½, Moline, Ill.

DISPATCH.

QUINCY, ILL., May 2, 1908.

HERMAN RIDDER:

Contract expires August 1. No price quoted for renewal; raise over last agreement 33 cents a hundred.

E. M. BOTSFORD,
Managing Editor Herald.

ROCK ISLAND, ILL., May 2, 1908.

HERMAN RIDDER,

Chairman Publishers' Investigation Committee:

Contract expires August. Now paying \$2.48. Last year \$2.05; raise 43 cents a hundred. Could obtain but two quotations same price.

ROCK ISLAND ARGUS.

EVANSVILLE, IND., May 2, 1908.

HERMAN RIDDER, *New York:*

We are paying \$2.60 delivered. Contract runs out in August. We are quoted in one to five cars \$2.35 delivered for immediate acceptance. Can not go to Washington to testify. Can furnish deposition.

E. T. MCNEELY, *Journal-News.*

LAFAYETTE, IND., May 2, 1908.

HERMAN RIDDER, *New York:*

Not on contract. Now buying open at \$2.40, one-half last contract \$2.03, raised to \$2.57. Washington trip hardly possible.

A. A. MAYERSTEIN,
Business Manager Courier.

BURLINGTON, IOWA, May 2, 1908.

HERMAN RIDDER:

Our contract expires December next. No quotation on renewal yet. Now pay \$2.56. Increased from \$2.08 last August. Can't leave here account sickness.

THE BURLINGTON HAWKEYE.

COUNCIL BLUFFS, IOWA, May 2, 1908.

HERMAN RIDDER, *New York City*:

Contract expires February 1, 1909. Last contract paid \$2.10. Present contract \$2.50. Could probably come to Washington.

VICTOR E. BENDER.

DES MOINES, IOWA, May 2, 1908.

HERMAN RIDDER, *New York*:

Contract expires August 1 this year. No quotations to this date from same mill or from any other source. Price increased 42 cents per hundred on January 1, 1908, which was date expiration of contract.

REGISTER AND LEADER.

CRESTON, IOWA, May 2, 1908.

HERMAN RIDDER, *Associated Press, New York*:

Contract expires September 1, but it covers certain amount paper which will be exhausted before that date. Have not taken up renewal yet, but traveling men seem to think price will not change much. Now paying \$55 delivered; increase \$13. Freight \$4 ton. Would go to Washington, but not at my own expense.

ADVERTISER.

DES MOINES, IOWA,
via Washington, D. C., May 1, 1908.

HERMAN RIDDER, *New York Staats-Zeitung, New York*:

Paper contract expires February, 1909. Present price \$2.50. Last price \$2. Can go to Washington if absolutely necessary.

LAFE YOUNG, Jr.,
Des Moines Capital.

SIOUX CITY, IOWA, May 2, 1908.

HERMAN RIDDER:

Sioux City Tribune contract for print expires in August, 1908. Price was increased last year from \$2.08 to \$2.50, with information it would go to \$3 a hundred. Was refused two-year contract and forced to buy of a jobber.

T. W. C. KELLY, *Publisher*.

WATERLOO, IOWA, May 1, 1908.

MR. HERMAN RIDDER,

Newspaper Publishers' Association, New York:

Print paper former price \$2.03½. Present price \$2.47½. Contract ends in October no offer of renewal. Can't come to Washington.

TIMES TRIBUNE.

COFFEYVILLE, KANS., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Contract expired January 1, this year; \$2.57, one-half single car ordered; \$2.80, one; both delivered. No prices quoted on year's contract.

THE COFFEYVILLE JOURNAL.

FORT SCOTT, KANS., May 2, 1908.

HERMAN RIDDER, *New York*:

Contract \$2.32, New York Mill, less three, expires September. Wisconsin mill quotation now \$2.35 net.

GEO. W. MARBLE.

IOLA, KANS., May 2, 1908.

HERMAN RIDDER, *New York*:

No contract. Paid for car this week, \$2.62 net. Last contract \$2.40 net. Owner paper, C. F. Scott, now in Washington.

THE REGISTER.

LOUISVILLE, KY., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York*:

No contract at present time. Paying \$2.75; raise of 70 cents.

LOUISVILLE ANZEIGER CO.

FITCHBURG, MASS., May 1, 1908.

Mr. HERMAN RIDDER, New York.

DEAR SIR: In reply to request about our paper contract: Our contract with Manufacturers' Paper Company, 41 Park Row, New York City, expired December 31, 1907, and was then renewed for another year and expires December 31, 1908.

The price paid last year was \$2.10, with 1 per cent discount cash. This year's contract \$2.75 net, cash as soon as bill comes. In other words, we are now paying \$55 per ton and a little less than \$42 per ton last year.

Can't go to Washington, as my brother is sick.

Yours, truly,

J. E. KELLOGG,
President Sentinel Printing Co.

LOWELL, MASS., May 1, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York.*

Old price \$2.25; new contract April, one year, at \$2.60.

COURIER-CITIZEN CO.

LYNN, MASS., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York.*

Contract runs three months more at \$2.50. See letter.

LYNN ITEM.

NEW BEDFORD, MASS., May 2, 1908.

HERMAN RIDDER, New York City:

Paper contract with New York and Pennsylvania Company expires June. No quotation yet. Now paying \$2.37½. Previous price, \$1.92 f. o. b. New Bedford. Present price highest since 1894. Lowest price was \$1.77 in 1899. Illness prevents going to Washington to testify, but will make deposition here if necessary.

BENJAMIN H. ANTHONY,
New Bedford Standard.

NORTH ADAMS, MASS., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York City:*

Price on present contract, which expires January 31, 1909, is \$2.50. Old price was \$2.10.

NORTH ADAMS TRANSCRIPT.

TAUNTON, MASS., May 1, 1908.

HERMAN RIDDER, New York:

Taunton, Mass., Herald-News contract expires next December. Present price, \$2.60 per 100 pounds; last year, \$2.25; year before, \$2.10. Trust offered through agent 5 cents less; refused, as have never bought trust paper; letter follows

DUDLEY M. HOLMAN.

ADRIAN, MICH., May 2, 1908.

HERMAN RIDDER, New York City, N. Y.:

Now paying \$2.41 net to independent paper dealer; have quotations as low as \$2.30 net by independent dealers for next year's supply; have had no recent dealings with trust.

THE ADRIAN TELEGRAM.

BENTON HARBOR, MICH., May 2, 1908.

HERMAN RIDDER, New York City:

Contract expires November; \$2.60 delivered; can not go to Washington.

NEWS PALLADIUM.

DETROIT, MICH., May 2, 1908

HERMAN RIDDER, New York *Staats-Zeitung, New York City:*

Our contract expires July 1. Paid \$2.10 and are paying \$2.35 now. Could make new contract at about same figure, \$2.35. Sorry, but can't come to Washington.

A. MARXHAUSEN, *Daily Abend Post.*

DETROIT, MICH., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York City*:

Previous contract price, \$1.90; present contract price, \$2.40. Have no quotations as yet for renewal of contract. Have had several inquiries from numerous sources as to expiration of contract, apparently for the purpose of leading us to believe that there will be competition.

DETROIT FREE PRESS.

T. J. BARRY, *General Manager*.

MEMORINEE, MICH., May 2, 1908.

HERMAN RIDDER, *New York City*:

September 1; none yet; \$2.50; 50 cents. Yes.

HERALD-LEADER.

SAULT STE. MARIE, MICH., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York*:

Contract expires January 1 next. No quotations for renewal. Paying \$2.60; 45-cent raise. Will go if necessary, but feel expense would hardly be warranted because of size of my newspaper.

W. F. KNOX, *Editor Evening News*.

DULUTH, MINN., May 2, 1908.

Mr. HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Our present paper contract expires October 1 of this year. Have had no quotations for renewal. No paper representative been near us this year. Are paying \$2.28 per hundred f. o. b. cars Duluth; was raised from \$1.92 per hundred. Am unable to leave here account of my health. Have absolutely no hesitation and am with you in your magnificent efforts, heart and soul. Anything you suggest, of which I am able, count me in.

A. C. WEISS, *Publisher Herald*.

MINNEAPOLIS, MINN., May 2, 1908.

HERMAN RIDDER, *New York*:

Journal contract expires November 1. No quotations yet. Previous contract, \$1.92; present, \$2.45. If necessary, can possibly go.

LUCIAN SWIFT,

Manager Minneapolis Journal.

WINONA, MINN., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Contract expires October 1. Could buy now for \$2.35 delivered. Can not go to Washington.

THE WINONA INDEPENDENT.

CHICAGO, May 2, 1908.

HERMAN RIDDER, *New York*:

Winona, Minn., contract expires October 1 next. No renewal price quoted. Present contract price, \$2.40 per hundred; raise of 40 cents a hundred. Can't get away next week.

SCOTT LAIRD,

Manager Republican Herald.

JOPLIN, MO., May 2, 1908.

HERMAN RIDDER,

Care Associated Press, New York, N. Y.:

Closed contract to-day. Old contract, \$2.20; new contract, \$2.58. Willing to go to Washington if Congressional committee pays expenses.

H. E. BURTON, *News Herald*.

JOPLIN, MO., May 2, 1908.

HERMAN RIDDER,

Care Newspaper Publishers' Association, New York:

Just received contract; raise 23½ cents hundred pounds; now paying \$2.27½ at mill.

JOPLIN GLOBE.

KANSAS CITY, MO., May 1, 1908.

HERMAN RIDDER, *New York:*

Made new contract last September at \$2.40 mill; old contract was \$1.80.

THE KANSAS CITY JOURNAL.

BUTTE, MONT., May 1, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Paper contract expired last fall; price quoted for renewal, \$44 ton, raise of \$6 ton. Impossible to go to Washington.

BUTTE MINER.

LINCOLN, NEBR., May 1, 1908.

HERMAN RIDDER, *New York:*

Paper contract expires August 1, 1908. No quotations for renewal. Present price, \$2.40 f. o. b. factory. Impossible to go to Washington.

LINCOLN DAILY STAR.

LINCOLN, NEBR., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Contract expires June 1; no quotations for renewal; paid 1905, \$1.85; 1906, \$2.15; 1907, \$2.30.

STATE JOURNAL.

NORTH NASHUA, N. H., May 2, 1908.

HERMAN RIDDER, *New York:*

Contract expires next January, paid last year \$1.90, renewal offered at \$2.75, but closed with another sales agent at \$2.60 for this year.

W. H. PRICHARD.

MANCHESTER, N. H., May 2, 1908.

HERMAN RIDDER, *New York:*

Contract expires August, paying \$2, renewal \$2.45; can go Washington.

R. W. PILLSBURY.

MANCHESTER, N. H., May 1, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Contract expired March 1, now paying \$2.65; in 1907 paid \$2.25; for six months, in 1906, paid \$2.15; can't go to Washington, but am with you in the fight; have communicated with our delegation.

ARTHUR E. CLARKE,
Manager Mirror and American.

NEWARK, N. J., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Paper contract expired April 1; have not renewed contract and will not; now paying \$2.50; nearly all dealers are asking \$2.50; regret can not go to Washington.

F. N. CLARK,
For Morning and Evening Star.

PATERSON, N. J., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Just made new contract; former price \$1.90; present price \$2.50. Means loss to us \$6,000 a year.

GUARDIAN

ALBUQUERQUE, N. MEX., May 1, 1908

HERMAN RIDDER, *New York, N. Y.:*

Our contract expires December 31. Can not get prices for renewal; present price f. o. b. Albuquerque \$3.30 even per hundred; last contract \$2.95 per hundred f. o. b. Albuquerque; would be impossible to appear in Washington next week; we are certainly with you in your grand fight.

ALBUQUERQUE MORNING JOURNAL

ALBANY, N. Y., May 2, 1908.

HERMAN RIDER, *President, New York:*

Have no contract; buy car lots f. o. b. Albany; International price March, 1908, \$2.45; International price March, 1907, \$2.75, inferior paper; April, 1908, \$2.87.

HERALD PUBLISHING COMPANY.

BINGHAMTON, N. Y., May 2, 1908.

Mr. HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Paper contract does not expire until 1st of next January; was paying \$2.14 up to January last. The price for 1908 is \$2.60. Impossible to get to Washington.

EDWIN B. HARD,
Business Manager Binghamton Press.

BUFFALO, N. Y., May 2, 1908.

HERMAN RIDDER, *New York City:*

Our contract runs until 1910; Mr. Butler is abroad until June.

BUFFALO EVENING NEWS.

ELMIRA, N. Y.

HERMAN RIDDER, *New York:*

The Advertiser renewed its contract in December last. Old price was \$2; new price is \$2.65. Let me know when you go to Washington.

J. B. BEMAN, *Advertiser.*

ROME, N. Y., May 2, 1908.

HERMAN RIDDER, *New York City:*

Our paper contract expires December next. They raised us from \$2 to \$2.60.

ROME SENTINEL.
A. C. KESSINGER.

SYRACUSE, N. Y., May 1, 1908.

HERMAN RIDDER, *The Staats-Zeitung, New York:*

Your telegram. Contract expires end this calendar year. No quotations for renewal. Now paying \$2.50; was raised \$15 per ton. Will go to Washington if absolutely necessary.

W. E. GARDNER.

SYRACUSE, N. Y., May 2, 1908.

HERMAN RIDDER, *New York:*

Market. Have had quotations from two other sources, but when they came to fulfill they backed out, evidently having been influenced by or was acting from beginning for the trust. Would be willing to go to Washington if necessary.

THE HERALD.

SYRACUSE, N. Y., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York:*

Contract expires with this year. Now paying \$2.55 per hundred, one-year contract, they refusing to make longer one. Former contract was for two years, optional with us, at about \$1.80. Have been quoted within six weeks \$2.30 open.

TROY, N. Y., May 2, 1908.

Mr. HERMAN RIDDER, *New Yorker Staats-Zeitung, New York:*

Paper contract expired December 31, 1907. Old price \$1.90 in press room. Present price \$2.60 f. o. b. Troy. Letter follows.

D. B. PLUM, *The Troy Record.*

ASHEVILLE, N. C., May 2, 1908.

HERMAN RIDDER, *New York Staats-Zeitung, New York:*

Paper contract expires December 31, 1908. Now paying 3 cents pound for Asheville; raised from 2½; will go to Washington if necessary.

GAZETTE NEWS,
F. M. MESSLER, *Manager.*

CHARLOTTE, N. C., May 2, 1908.

HERMAN RIDDER:

January last, price paper raised from \$2.14 to \$2.90.

W. C. DOWD.

CHARLOTTE, N. C., May 2, 1908.

HERMAN RIDDER, *New York, N. Y.:*

New contract effective May 1, 2½ cents per hundred less than 1907. New contract price, \$2.57½. Will go to Washington next week, if necessary.

THE OBSERVER.

GRAND FORKS, N. DAK., May 2, 1908.

HERMAN RIDDER, *New York:*

Nineteen six contract, \$2.22 delivered, 3 per cent, ten days; 1907, \$2.60 net cash. New contract just closed \$2.54, 3 per cent ten days.

HERALD PRINTING CO.

GRAND FORKS, N. DAK., May 2, 1908.

HERMAN RIDDER,

Care The Associated Press, New York:

Our contract expires in August. Contract price, \$2.78. Price quoted to-day, \$2.51.

THE EVENING TIMES.

LIMA, OHIO, May 1, 1908.

HERMAN RIDDER, *Der Zeitung, New York:*

Contract runs until October. Am offered \$2.45 net delivered. Could go to Washington, if important.

H. D. CAMPBELL.

MANSFIELD, OHIO, May 1, 1908.

HERMAN RIDDER, *Staats-Zeitung Office, New York:*

Paper contract expires August, 1908; now paying \$2.55; former contract \$2.18. Impossible to go to Washington.

THE MANSFIELD NEWS,
W. S. CAPETER, *Manager.*

TOLEDO, OHIO, May 1, 1908.

HERMAN RIDDER, *New York:*

Our contract price last year of news-print paper in rolls was \$1.94; this year's contract \$2.42½. The former contract expired May, 1907, and our new contract runs to May, 1909.

THE EXPRESS PUBLISHING AND PRINTING CO.

YOUNGSTOWN, OHIO, May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York, N. Y.:

Contract expires July 1, 1908. Present price \$2.35 delivered, an advance of 45 cents over previous year. Am quoted present price for renewal. Can't go to Washington.

SAMUEL G. MCCLURE,
President The Telegram.

ZANESVILLE, OHIO, May 1, 1908.

HERMAN RIDDER, *New York:*

One ninety-nine to \$2.60; last January. Yes.

TIMES-RECORD,
By W. O. LITIC.

ALLENTOWN, PA., May 1, 1908.
HERMAN RIDDER, *Staats-Zeitung, New York:*
 Contract at \$2.40; expires May 15; made new contract at \$2.50. Will testify.
 W. A. MILLER, *Morning Call*.

BETHLEHEM, PA., May 2, 1908.
HERMAN RIDDER, *New York Staats-Zeitung, New York:*
 Contract runs out December 31; paying \$2.60; raised from \$2.10 January 1. Not able to go to Washington.
 L. J. HELLER, *Manager Times*.

EASTON, PA., May 2, 1908.
HERMAN RIDDER, *Staats-Zeitung, New York:*
 Contract expired last January; was \$2.10; renewed at \$2.65 f. o. b. Easton.
 FREE PRESS.

HARRISBURG, PA., May 2, 1908.
HERMAN RIDDER, *Staats-Zeitung, New York:*
 Contract expires January 1, 1909. No quotations. Now paying \$2.50. Raise 55 cents per hundredweight. Can not go to Washington.
 E. J. STACKPOLE,
Editor Harrisburg Telegraph.

HARRISBURG, PA., May 2, 1908.
HERMAN RIDDER, *New York City:*
 Contract expires December 31, 1908. No quotation for renewal. Now paying \$2.60 per hundred pounds; former price \$2.20.
 STAR INDEPENDENT.

JOHNSTOWN, PA., May 2, 1908.
HERMAN RIDDER,
Staats-Zeitung Building, New York, N. Y.:
 January 1. Present price, \$2.55; former price, \$2. Yes.
 WARREN WORTH BAILEY.

LANCASTER, PA., May 2, 1908.
HERMAN RIDDER,
Care Staats-Zeitung, New York City:
 Former contract, 130 tons, expired December; 2 cents f. o. b. Lancaster prepaid; renewal contract January 1, 1908, at \$2.60 f. o. b. Glens Falls freight paid; raise 30 per cent; can't go; letter follows.
 FRED A. ACHEY,
Business Manager Examiner.

OIL CITY, PA., May 2, 1908.
HERMAN RIDDER,
Care New York Staats-Zeitung, New York City:
 Our paper contract expires January 1, 1909; contract price for this year \$2.56. Have recently been offered paper at \$2.50; will go to Washington if needed.
 P. C. BOYLE.

PITTSBURG, PA., May 2, 1908.
HERMAN RIDDER, *Staats-Zeitung, New York City:*
 Contract five years expires 1910, \$2.20; useless for me to go to Washington; have been fighting whole question for years.
 ALBERT J. BARR.

PITTSBURG, PA., May 2, 1908.
HERMAN RIDDER, *New York City:*
 Contract expires December 31 this year; no renewal; price quoted \$2.20 new; was \$1.90.
 LEADER PUBLISHING CO.

SCRANTON, PA., May 2, 1908.

HERMAN RIDDER,
President American Newspaper Publishers' Association,
World Building, New York:

Paper contract expires January 1, 1909; paid \$2.20 less 2 per cent up to February 1; \$2.65 net since and to January 1; buy through local jobber.

TRIBUNE PUBLISHING CO.

YORK, PA., May 2, 1908.

H. RIDDER, New York:

Contract expired last August; raised from \$2.15 to \$2.60, which are now paying.
GITT & GREESEY.

NEWPORT, R. I., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung*, New York:

Contract calendar year; raise \$2.40 to \$2.75.

DAILY NEWS.

PAWTUCKET, R. I., May 2, 1908.

HERMAN RIDDER:

Present contract expires December 31 this year; was made last fall at an advance of \$12 per ton; can not go to Washington.

PAWTUCKET (R. I.) TIMES.

PROVIDENCE, R. I., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung*, New York:

We have five-year contract expiring February 29, 1912, with yearly price agreements; paid \$1.90 in 1906, \$2.20 in 1907; \$2.50 in 1908. Will go to Washington if necessary.

M. T. DWYER.

CHARLESTON, S. C., May 2, 1908.

HERMAN RIDDER:

Our paper contract expires December 31, this year; now pay \$2.70; raised from \$2.15; will not be possible to attend hearing in Washington next week.

J. C. HEMPHILL.

CHATTANOOGA, TENN., May 1, 1908.

HERMAN RIDDER,
President American Newspaper Publishers' Association, New York:

Contract expires August 1. Several manufacturers have asked when contract expires. None quoted on renewals. Now paying \$2.77½. Price increased gradually since May, 1907, on three different contracts with same concern. Will advise by letter regarding appearing at Washington.

CHATTANOOGA NEWS.

KNOXVILLE, TENN., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung*, New York:

Have been buying in Canada; contract out July; quotation renewal practically same; do not believe could assist you.

JOURNAL AND TRIBUNE.

KNOXVILLE, TENN., May 2, 1908.

HERMAN RIDDER,
President American Newspaper Publishers' Association, New York:

Our contract for paper expires in December, 1908; have not taken up renewal; now paying \$2.62½ delivered, an advance of 47½ cents; will go if necessary.

G. T. MILTON.

MEMPHIS, TENN., May 1, 1908.

HERMAN RIDDER, New York, N. Y.:

Our contract expired January 1, 1908, and was raised 60 cents per hundred, or \$12 per ton; will make affidavit to fact if desired.

COMMERCIAL-APPEAL,
Per W. J. CRAWFORD.

MEMPHIS, TENN., May 2, 1908.

HERMAN RIDDER, New York:

Have had no quotations lately; last raise was 65 cents per hundred.

NEWS-SCIMITAR.

NASHVILLE, TENN., May 1, 1908.

HERMAN RIDDER, Staats-Zeitung, New York:

Paper contract expires February 15, 1909; no prices quoted for renewal; now paying \$2.62½, an increase of 50 cents per hundred since February 15 last. Will go to Washington if absolutely necessary.

THE AMERICAN,
By W. J. EWING,
Editor and General Manager.

EL PASO, TEX., May 2, 1908.

HERMAN RIDDER:

Paper contract expires next October; raise was 33 per cent over last year; no figures submitted for coming year.

HERALD.

FORT WORTH, TEX., May 2, 1908.

HERMAN RIDDER, New York City:

Old contract made July, 1906, two years' rate \$1.88 per hundred f. o. b. mill. Made new contract six months from July next, at \$2.35 f. o. b. mill. Have offer now of contract for one year at \$2.25 f. o. b. mill.

THE RECORD CO.

HOUSTON, TEX., May 2, 1908.

Mr. HERMAN RIDDER,Care American Newspaper Publishers' Association,
World Building, New York:

Paper contract expires July 1; buying now at \$1.80 Canadian mill, which equals \$2.10 New York mill; have been offered new contract at \$1.95 Canadian mill and quoted \$2.30 by American mill; can go to Washington if absolutely necessary.

M. E. FOSTER.

HOUSTON, TEX., May 2, 1908.

HERMAN RIDDER, New York City:

Contract renewed \$2.25 f. o. b. mills, increase of 37 cents hundred; will testify if necessary.

C. J. PALMER,
General Manager Post.

SALT LAKE, UTAH, May 1, 1908.

HERMAN RIDDER, Staats-Zeitung, New York:

Paper contracts just renewed, pay \$2.05 aboard cars New York mill. International Company, reduction of 10 cents per hundred from last contract. Thanks to publishers' agitation you won't want my testimony in Washington.

WM. IGLEHEART, Manager Herald.

BURLINGTON, VT., May 1, 1908.

HERMAN RIDDER, New York, N. Y.:

Price now \$2.60; two years ago was \$1.94; contract made last October for one year.

BURLINGTON FREE PRESS.

ST. ALBANS, VT., May 2, 1908.

HERMAN RIDDER, The Associated Press, New York:

Contract just expired. Were paying \$2.35; now want \$2.60.

ST. ALBANS MESSENGER CO.

NORFOLK, VA., May 2, 1908.

HERMAN RIDDER, Associated Press, New York:

Paper contract expires December 31, 1908. Not quoted for renewal. Now paying \$2.60, formerly paid \$2.10. Can not go to Washington.

S. L. SLOVER,
President Ledger-Dispatch.

NORFOLK, VA., May 1, 1908.

HERMAN RIDDER, *New York*:

Three-year contract, \$2.15 f. o. b. Norfolk, expires June 30, 1908. As yet have asked for no quotations.

VIRGINIAN PILOT.

RICHMOND, VA., May 2, 1908.

HERMAN RIDDER, *Staats Zeitung, New York*:

Old price, \$2.10. New price, \$2.50. Inconvenient to come to Washington.

NEWS-LEADER.

ROANOKE, VA., May 2, 1908.

HERMAN RIDDER, *New York*:

Paper contract expires December 31. Are now paying \$2.80. Original price \$2.15. Last car cost nearly \$1,200.

A. H. DOOLEY, *Manager Evening World*.

SEATTLE, WASH., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Our paper contract does not expire for three years from date. Other detailed information you already have.

POST-INTELLIGENCER CO.

WHEELING, W. VA., May 2, 1908.

HERMAN RIDDER, *Care Staats-Zeitung, New York, N. Y.*:

Paper contract expired January 1. Now paying advance \$10 per ton. Will testify if needed next week.

INTELLIGENCER PUBLISHING COMPANY.
H. C. OGDEN, *Manager*.

RACINE, WIS., May 2, 1908.

HERMAN RIDDER, *Care Staats-Zeitung, New York*:

We are paying \$2.50 per hundred at the mill, a raise from \$2.15 delivered. Contract expires September 1. Buy through Chicago paper house.

THE JOURNAL PRINTING CO.

CHEYENNE, WYO., May 1, 1908.

HERMAN RIDDER, *Editor Staats-Zeitung, New York*:

New contract made January 1; now paying \$2.55 at mill, an advance of 45 cents over 1907 contract.

TRIBUNE PUBLISHING COMPANY.

SAVANNAH, GA., May 2, 1908.

Mr. HERMAN RIDDER,

*President American Newspaper Publishers' Association,**Washington, D. C.:*

Our paper contract runs to January 1, 1909. Our raise was 75¢ per ton. Can not go to Washington next week.

THE MORNING NEWS.

KEENE, N. H., May 2, 1908.

HERMAN RIDDER, *Washington, D. C.*:

Contract with International at \$2.50 expires July 1. No quotation from them for renewal. Increase from previous contract 40 cents on same quality, but contracted for cheaper grade at 10 cents reduction. Another company offers new contract at \$2.45.

THE SENTINEL.

JACKSONVILLE, MISS., May 2, 1908.

HERMAN RIDDER, *Washington, D. C.*:

Your telegram: contract expires February 1, 1909; former contract price \$2.45, present contract \$2.89: impossible for manager to go to Washington next week.

DAILY NEWS.

SIoux FALLS, S. DAK., May 2, 1908.

HERMAN RIDDER,
National Press Association, Washington, D. C.:

Paid \$2.05 delivered 1906, \$2.59 in 1907; prices now \$2.48 to \$2.55.

SIoux FALLS DAILY PRESS.

AMSTERDAM, N. Y., May 2, 1908.

HERMAN RIDDER, Washington, D. C.:

Contract expires December 31, 1908; price \$2.60 per hundred delivered; last year \$2; no price quoted for next year; can't come to Washington.

EVENING RECORDER.

ST. LOUIS, MO., May 2, 1908.

HERMAN RIDDER,
Care New Willard Hotel, Washington, D. C.:

Republic contract has nearly two years to run. Have had no recent quotation of prices or other information to make my testimony of any value.

CHARLES W. KNAPP.

PROVIDENCE, R. I., May 2, 1908.

HERMAN RIDDER, New Willard, Washington, D. C.:

Am mailing our paper figures to you this morning. If my meager testimony is wanted, I will come.

FREDERICK ROY MARTIN.

[Providence Journal Company.]

PROVIDENCE, R. I., May 2, 1908.

Mr. HERMAN RIDDER,
New Willard Hotel, Washington, D. C.:

DEAR Mr. RIDDER: In response to your telegraphic inquiry, I would state that we have a contract for our full supply from the International Paper Company, lasting from January 1, 1906, to January 1, 1910, the price to be adjusted every November, by arbitration if necessary, for the ensuing year. When first started, the price was \$2.05. The price for 1907 was \$2.10, and last November the price for this year was jumped to \$2.50.

Yours, very truly,

FREDERICK ROY MARTIN.

LITTLE ROCK, ARK., May 2, 1908.

HERMAN RIDDER,
President American Publishers' Association, New York:

Our contract expires January 1 next; have not asked for renewal. We pay \$2.62 per hundred delivered f. o. b. Little Rock, which means about \$2.21 at mill. Could not well go to Washington.

GAZETTE,
FRED W. ALLSAPP, Business Manager.

EUREKA, CAL., May 2, 1908.

HERMAN RIDDER,
Care Associated Press, New York:

Now paying \$3.60 per hundred pounds. Contract runs 20 more tons. Can not go to Washington.

A. K. STONE,
Manager Eureka Herald.

SAN FRANCISCO, CAL., May 2, 1908.

HERMAN RIDDER, New York:

Paper contract made for five years two years ago; rate lower than previous five-year contract; have no figures for renewal.

THE BULLETIN.

TAMPA, FLA., May 2, 1908.

HERMAN RIDDER, Staats Zeitung of New York:

Have contract with Antietam Paper Company, Hagerstown, Md., for one year dated August 1, 1907, and 120 tons to be taken in car lots during year at \$2.80 per

hundred, but was notified shortly after my contract was signed price had increased to \$3 and that another Tampa publisher was paying that price.

D. B. MCKAY,
Publisher Tampa Times.

MACON, GA., May 2, 1908.

HERMAN RIDDER, *New York:*

Old contract expired December 31, 1907; made new contract November 1, 1907, to run from January 1, 1908, to December 31, 1908. Old contract price \$2.30 per hundred; new contract \$2.85 per hundred, an advance of \$11 per ton. Can't go to Washington next week.

R. L. MCKENNEY, *Editor.*

PEORIA, ILL., May 2, 1908.

HERMAN RIDDER, *New York:*

Contract out on Springfield News, June 1, 1908; Herald Transcript, January 1, 1908; no prices yet. Raise on last year 43 cents per hundred pounds. Can not get to Washington next week account of other matters.

C. H. MAIN.

QUINCY, ILL., May 2, 1908.

HERMAN RIDDER,

New York Staats-Zeitung, New York:

Contract out January 1; no prices quoted; present price \$51.60 a ton; increase of \$12.40 a ton.

P. C. ELLIS, *Quincy Whig.*

DAVENPORT, IOWA, May 2, 1908.

HERMAN RIDDER,

Care Staats-Zeitung, New York:

Contract at \$2 expired last August; present contract \$2.50; have no renewal quotation. Your message forwarded to our general manager, now out of city.

DEMOCRAT COMPANY.

DUBUQUE, IOWA, May 2, 1908.

HERMAN RIDDER, *New York:*

Present contract expires September 1, 1908; price \$2.50; previous contract \$2.

TIMES JOURNAL.

SIOUX CITY, IOWA, May 2, 1908.

HERMAN RIDDER, *New York:*

Paper contract expires August 1; raise was \$9 per ton; no recent quotations.

PUBLISHER THE JOURNAL.

WICHITA, KANS., May 2, 1908.

HERMAN RIDDER, *World Building, New York:*

Paper contract signed April 15; one year; increase only 3 cents over last year.

THE WICHITA EAGLE.

WORCESTER, MASS., May 2, 1908.

HERMAN RIDDER, *New York Staats-Zeitung, New York:*

Present contract expires December 1, this year; no new prices quoted; present price \$2.40; previous price \$1.90.

WORCESTER (MASS.) POST.

BATH, ME., May 2, 1908.

HERMAN RIDDER, *145 World Building:*

Contract raised last summer from \$2.25 to \$2.75. Runs two years. See letter.

F. B. NICHOLS.

HANCOCK, MICH., May 2, 1908.

HERMAN RIDDER, *New York:*

Was paying \$2.10; contract raised last June to \$2.70.

EVENING JOURNAL.

HERMAN RIDDER, *Staats-Zeitung, New York*;
Details paper contract by mail.

ST. PAUL, MINN., May 2, 1908.

ST. PAUL DISPATCH.

ST. PAUL, MINN., May 2, 1908.

Mr. HERMAN RIDDER, *New Yorker Staats-Zeitung, New York*:

Contract expires June 10; paying now \$2.07½; renewal price quoted \$2.32½, if contracted immediately; if delayed, further increase predicted.

VOLKSZEITUNG.

GRAND ISLAND, NEBR., May 2, 1908.

HERMAN RIDDER, *New York*:

No contract; paid \$3.06 per hundred in July last year and \$3.19 February this year.

THE INDEPENDENT.

ALBANY, N. Y., May 2, 1908.

HERMAN RIDDER, *Staats-Zeitung*:

Our contract expired last December; the price was \$2.10; present price \$2.00.

THE ARGUS.

ALTOONA, PA., May 2, 1908.

HERMAN RIDDER, *New York City*.

DEAR SIR: Our contract with International Paper Company expired April 1, 1908, at \$2.25. This year they asked \$2.60, dropped to \$2.60 net, thirty days.

We made contract with firm outside International at \$2.50, less 3 per cent, thirty days. Would not be at all convenient to go to Washington at this time. There will be plenty to testify.

Truly, yours,

THE TRIBUNE,
A. D. H.

EXAMINER PRINTING HOUSE,
Lancaster, Pa., May 2, 1908.

Mr. HERMAN RIDDER, *Staats-Zeitung, New York*; N. Y.

DEAR SIR: Replying to your request of this morning, we have telegraphed you rates for previous and last contract for news. Would say regarding our present contract, which began January 1, that we were unable to get any better rate than \$2.60, all inquiries being net, with a quotation of \$2.60 and \$2.62. The reason given us by the parties from whom we formerly got our paper and from whom we are receiving our present supply, namely, Finch, Pruyn & Co., Glens Falls, N. Y., being that the advance was due to the eight-hour system, increased cost of wages, and the advance of 30 per cent to 50 per cent in raw material. We have the assurance of the company that the price quoted us is the lowest price they made for 1908, to date of writing, October 7, 1907.

We regret that other engagements will interfere with our appearing before the committee, but assure you of our support in the stand you have taken in this matter and appreciate your efforts in behalf of the newspapers of the United States.

With best wishes, we remain, very truly, yours,

ACHEY & GORRECHT,
Per FRED A. ACHEY, *Business Manager*.

WATERTOWN, S. DAK., May 2, 1908.

HERMAN RIDDER, *New York*:

No contract; present price \$2.90 per ream; can not go to Washington.

PUBLIC OPINION.

GALVESTON, TEX., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers Association,
World Building, New York:

Present paper contract expires April, 1909; price \$2.37½ per hundred at New England mill; last year contract price \$1.90, same delivery; can not go to Washington.

GALVESTON TRIBUNE.

SAN ANTONIO, TEX., May 2, 1908.

HERMAN RIDDER, *Publisher Staats-Zeitung, New York:*

Paper contract expires December; no effort to secure renewal; we now pay \$44.00 per ton at mill; previous rate was \$37.00 ton; almost impossible go to Washington.

SAN ANTONIO LIGHT PUBLISHING CO.

WACO, TEX., May 3, 1908.

HERMAN RIDDER, *New York:*

Paper contract runs out November 1; paying 3 cents per pound now for inferior paper. Have notified us of raising 20 cents on renewal.

WACO TIMES-HERALD.

LYNCHBURG, VA., May 2, 1908.

HERMAN RIDDER, *New York:*

Have mailed your message received via Associated Press to Congressman Carter Glass, publisher of the News, now in Washington.

LYNCHBURG NEWS.

JANESVILLE, WIS., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Contract expires October 1; no quotation for renewal. Present price, \$2.55 delivered. Raise of 55 cents over old contract. Would not care to appear Washington.

GAZETTE PRINTING CO.

OSHKOSH, WIS., May 2, 1908.

HERMAN RIDDER,

*President American Newspaper Publishers' Association,
World Building, New York.*

Increase 1907 over previous year 31 cents per hundred; 1908, 15 cents per hundred; present cost, \$2.40; expires February

DAILY NORTH WESTERN.

ANSONIA, CONN., May 2, 1908.

Mr. HERMAN RIDDER, *New York City.*

DEAR SIR: Relative to paper supply, would say that our contract runs out September 1 next. It was renewed September 1 of last year at a rate of \$2.50. We had paid the year before \$2.03, and the year before that \$2.01. It will not be at all convenient for me to go to Washington next week and testify in this matter, but if it should be absolutely necessary I should be willing to oblige you.

Very truly, yours,

THE EMERSON PUBLISHING COMPANY,
J. M. EMERSON, *President.*

MERIDEN, CONN., May 2, 1908.

Mr. HERMAN RIDDER,

President American Newspaper Publishers' Association, New York.

DEAR SIR: Your telegram received. Our contract for news print with Finch, Pruyn & Co., Glens Falls, N. Y., expired last February. The price was \$2 f. o. b. Meriden, less 2 per cent thirty days. Before that expired we were told that the best price we could get was \$2.60 f. o. b. Meriden net cash thirty days. We tried every scheme to get something better from them—the continuance of the 2 per cent discount, a cartage allowance, etc.—but couldn't work anything.

Meanwhile, we had seen Chas. S. Proctor, Old South building, Boston, a former agent of the Imperial Mills of Sturgeon Falls, Ontario, and the best he would quote, on a poorer quality of paper, was \$2.60 net thirty days. The Manufacturers' Paper Company wrote us in November. Our president called on them and they couldn't be budged from \$2.60 f. o. b. Meriden, net thirty days. I am under the impression that we saw one or two other mill agents, but am sure that the only quotation we could get, wherever we tried, was exactly as quoted above. We are now buying from Finch, Pruyn & Co., and our contract price for the year that will end on February 1 next is \$2.60 f. o. b. Meriden, net cash thirty days.

Will be glad to elucidate any statement made above if desired. Do not think that a publisher of a comparatively small paper like the Record could be of service to you in Washington.

Yours, truly,

E. E. SMITH,
General Manager Meriden Morning Record.

HERMAN RIDDER, *New York:*

SOUTH BEND, IND., May 2, 1908.

Our paper contract is a sliding scale with \$2.45 per 100 pounds as maximum; will expire February 1, 1910. We are paying the maximum, a raise of 15 cents per 100 over previous rate. We can be represented in Washington if absolutely necessary, but as we are very busy prefer to give testimony some other way.

TRIBUNE PRINTING CO.

HERMAN RIDDER, *New York:*

DUBUQUE, IOWA, May 2, 1908.

Present paper contract expires about September 1. Have no quotations for renewal. Are paying on present contract \$2.49. Last year's contract \$2. Will try to go to Washington if necessary.

P. J. QUIGLEY,
Publisher Telegraph-Herald.

HERMAN RIDDER, *New York:*

GREAT BEND, KANS., May 2, 1908.

No contract. Price, \$63 per ton; formerly \$50. Can testify.

W. P. FEDER.

HERMAN RIDDER,

WICHITA, KANS., May 2, 1908.

American Publishers' Association, New York:

Paying \$2.42 increase. Last September was 45 cents per hundred pounds. Will go to Washington if necessary.

H. J. ALLEN, *Wichita Beacon.*

HERMAN RIDDER,

LOUISVILLE, KY., May 2, 1908.

President American Newspaper Publishers' Association,

World Building, New York:

Boilin contract expired April 7. New arrangement for one year f. o. b. Herald at \$48.40 increase, 240 tons. Glad to cooperate to best of our ability.

GEORGE A. NEWMAN, JR.,
Louisville Herald.

HERMAN RIDDER,

LYNN, MASS., May 2, 1908.

President American Newspaper Publishers' Association,

Staats-Zeitung, New York, N. Y.

DEAR SIR: Our paper contract at \$2.50 per hundred has three months more to run, but we have not yet taken steps toward negotiating a renewal. Our previous contract was at \$2.10 and protected us to January 1, 1908.

We got nervous during the summer of 1907 and attempted to renew our contract at \$2.10, to take effect on the expiration of the then existing contract. Of course we were not successful.

Then, in July, 1907, we were invited by Mr. Fahey of the Boston Traveler to enter into a combination with several other papers to secure paper at \$2.30. He had quietly arranged with a Canadian mill which had agreed to supply these papers, providing they would take a certain definite number of tons. The mill also agreed to store in its ton, at their own expense, a sufficient quantity of paper to insure a full supply at all times. The deal was practically consummated and was ready to be executed in behalf of the newspapers when suddenly the mill withdrew the quotation and declined to stand by the agreement. Mr. Fahey told the writer that one of the papers had "leaked," and in that way the information had come to the International Paper Company. The result was, he said, that some strong influence had been brought to bear on the Canadian mill, and they had withdrawn from the negotiations. The best price we could then get was \$2.50, at which figure we bought our present supply, but we made only a short-term contract.

As Mr. Fahey arranged all the details, it is obvious that all we can say is second-hand, and we do not see how it could be of any value if we should go to Washington. As you will doubtless remember, the writer went over with you, not with the idea that he could add anything to the testimony, but for the purpose of supporting the president of the association by having as many present as possible. We have, how-

ever, no desire to shirk any duty which we ought to perform in behalf of the association. We are greatly interested in the daily reports of the splendid work which you and other members of the committee are doing for the good of all.

Yours, very truly,

HASTINGS & SONS PUBLISHING COMPANY,
By W. R. HASTINGS, *President*.

BALTIMORE, Md., May 2, 1908.

HERMAN RIDDER, *New York*:

Contract expires January 1. Have no new quotations. Now pay \$2.90, raised from \$2.40. Will go to Washington any time.

EDWARD RAINE.

SEDALIA, Mo., May 2, 1908.

HERMAN RIDDER, *New York*:

Our contract expires August 1, 1908; present price \$2.63½; best offer \$2.80. If necessary will go to Washington.

ANTHONY D. STANLEY,
President Sedalia Democrat Company.

NEWARK, N. J., May 2, 1908.

MR. HERMAN RIDDER, *New York*.

DEAR SIR: Replying to your inquiry we wish to say that we renewed our contract with the Berlin Mills Company, of Portland, Me., on March 1, 1908, and that we are now paying \$2.60 instead of \$2.15. This is the highest price we have ever paid, but we have been informed that it may even go higher next year. We take this opportunity of expressing our appreciation of the splendid work you are doing in behalf of the newspapers of America and wish you success in your endeavor to liberate them from the clutches of the paper trust. If there is anything we can do to assist you please let us know at once. We have communicated with Congressman R. Wayne Parker, who represents this district, and he has given us assurance that he is with us in this fight.

Very sincerely, yours,

NEW JERSEY FREIE ZEITUNG,
BENEDICT PRIETH, *Manager*.

MUSKOGEE, OKLA., May 2, 1908.

HERMAN RIDDER, *New York*:

Contract expired last November; renewed 63 cents hundred advance; now pay \$3.03; will testify.

EUGENE M. KERR, *Times-Democrat*.

MR. NORRIS. This letter, in response to a telegram, received from the Burlington Daily News, Vermont, gives the price from 1904 to 1909, inclusive, which may interest you.

THE CHAIRMAN. It will interest us very much if it will give the price up to 1909.

MR. NORRIS. Contracts up to 1909. [Reads:]

BURLINGTON DAILY NEWS,
Burlington, Vt., May 1, 1908.

MR. HERMAN RIDDER, *New York City*.

DEAR MR. RIDDER: I received a short time ago your telegram regarding paper contracts, and as any telegram I would send to you now would reach you no earlier than this letter, I decided that it would be better for me to write.

Our paper contracts for the past five years are as follows:

1904, Imperial Mills, Canada, duty paid, \$2.35 per hundred.

1905, Imperial Mills, Canada, duty paid, \$2.30 per hundred.

1905 to 1907, St. Regis Mills, New York, \$2 per hundred.

MR. STAFFORD. What is that?

MR. NORRIS. Two dollars per 100. [Continues reading:]

1907 to February, 1908, St. Regis Mills, New York, \$2.15 per hundred.

1908 to 1909, St. Regis Mills, New York, \$2.70 per hundred.

You will see by these contracts that our price was raised more than 25 per cent since the last year, and considerably more than 30 per cent within two years. You will also note that we bought paper in Canada for two years and secured at that point, duty paid and delivered f. o. b. Burlington, at less prices than we could get it from the International Paper Company. Up to that time we had been dealing with the International Paper Company exclusively for a number of years.

If you think it is necessary for me to go to Washington next week, I of course would go if I could do any good. I doubt, however, if I could give you any more information than I have given you in this letter.

Shall I read all of it?

The CHAIRMAN. Oh, yes. Give me the first page, please. This would show that in 1904 he paid \$2.35 a hundred to the Imperial Mills, Canada, while in 1905 he managed to obtain paper from the St. Regis Mills, New York, for \$2 a hundred.

Mr. NORRIS. That establishes the point of our contention—that in two years the price of his paper was raised \$14 per ton.

The CHAIRMAN. Not in two years. Perhaps so; the only raise at the best was 35 cents per hundred more than it was in 1904.

Mr. NORRIS. Our comparison was between 1907 and 1904 in our statements made to Congress and the President. I mean we were comparing the prices in the latter part of 1905 to 1907—the latter part of 1907.

The remainder of the above letter follows:

I passed through Washington on Tuesday of this week, but I had no data with me from which I could make quotations to the committee, so I did not appear. Besides that I was in a hurry to get home on account of a political meeting in this city.

I notice by the newspaper reports that your committee is making a good fight and it looks to me very much as though the committee was entirely hostile to the newspaper publishers.

Yours, truly,

JOSEPH AULD.

Mr. NORRIS. I have also a letter from the *Wächter und Anzeiger*, of Cleveland, Ohio. [Reads:]

WÄCHTER UND ANZEIGER,
Cleveland, Ohio, May 1, 1908.

Mr. HERMAN RIDDER, *New York, N. Y.*

DEAR SIR: In reply to your communication we herewith give you the following information with reference to our paper contract.

Our five-year contract with the International Paper Company expires January 1, 1910. Price to be market price mutually to be agreed upon for each year.

In 1907, we paid \$40 per ton. Price for 1908 is \$52 per ton. Price for 1909 to be determined in November of this year.

The writer will not be able to be at Washington next week.

Yours, truly,

THE GERMAN CONSOLIDATED NEWSPAPER CO.,
PER CHAS. W. MAEDJE, *Manager*.

This letter may be valuable in showing that the International agreed that the market price at the time of making this contract was \$52 per ton. Cleveland is not very far from the International Paper Company's mills at Niagara Falls.

I have a letter from the *Troy Record*, inclosing replies of various paper companies, including Canadian companies, as to inquiries for prices.

The CHAIRMAN. What is that?

Mr. NORRIS. I have a communication from the *Troy Record*, inclosing quotations of various newspapers companies to them, as of October 18, 1907, including one or more Canadian companies. I thought it might be helpful to you merely in establishing the quota-

tions of these various companies at that time. Shall I read all the letters, or the quotations merely?

The CHAIRMAN. Read the letters.

Mr. NORRIS (reads):

THE TROY RECORD,
Troy, N. Y., May 2, 1908.

Mr. HERMAN RIDDER,
New Yorker Staats-Zeitung, New York City

DEAR MR. RIDDER: Your telegram was received this morning, and I immediately wired you as follows: "Paper contract expired December 31, 1907. Old price, \$1.90 in press room. Present price, \$2.50 f. o. b. Troy. Letter follows."

I am inclosing herewith all of the correspondence I had regarding news print up to the time I renewed my contract with the New York and Pennsylvania Company at \$2.50 f. o. b. Troy, as stated in my telegram.

I am exceedingly busy just at present, as we have in the course of construction a new building, and it would be considerable inconvenience for me to go to Washington next week. However, if you think my presence there would help the cause any, wire me and I will be on hand. I do not know that I can add anything, as the correspondence covers everything.

Yours, very truly,

D. B. PLUM, *Business Manager.*

P. S.—Please return the correspondence to me when you have finished with it.

OCTOBER 18, 1907.

Messrs. F. DILLINGHAM & Co., 22 Union Street, Boston, Mass.

GENTLEMEN: If you feel so disposed, we should be glad to receive your quotation on news-print paper.

We use approximately 500 tons per year, and the rolls are 35½-inch and 53½-inch.

We received a quotation from you under date of January 22, 1906, but at that time we were not in the market.

Yours, very truly,

THE TROY RECORD Co.

BOSTON, MASS., October 21, 1907.

The TROY RECORD COMPANY, Troy, N. Y.

GENTLEMEN Your valued letter of the 19th was duly received and forwarded to the mill with request that they communicate directly with you. Thanking you for the same, we remain,

Yours, truly,

F. DILLINGHAM & Co.

OCTOBER 18, 1907.

The RAYMONDVILLE PAPER COMPANY, Watertown, N. Y.

GENTLEMEN: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year, and use rolls of two sizes, 35½ inch and 53½ inch.

Yours, very truly,

THE TROY RECORD Co.

That is approximately the same as the inquiry to Dillingham. The answer of the Raymondville Paper Company was [reads]:

RAYMONDVILLE PAPER COMPANY,
Watertown, N. Y., October 19, 1907.

The TROY RECORD, Troy, N. Y.

GENTLEMEN: We are in receipt of yours of the 18th, and will say that we find our product for 1908 is practically sold up, and we are unable to take on any more contracts. We have therefore referred your letter to H. G. Craig & Co., New York, who represent a group of some of the best mills of the country, and I think they will be able to take care of your wants in the best possible shape.

Yours, truly,

RAYMONDVILLE PAPER COMPANY,
CHAS. H. REMINGTON, *President.*

By the way, I have that list of H. G. Craig & Co.'s mills for you.
The next is [reads]:

OCTOBER 18, 1907.

The TREADWELL PAPER COMPANY, Watertown, N. Y.

GENTLEMEN: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year, and use rolls of two sizes, 35½-inch and 53½-inch.

Yours, very truly,

THE TROY RECORD CO.

TREADWELL PAPER COMPANY,
Watertown, N. Y., October 19, 1907.

TROY RECORD, Troy, N. Y.

GENTLEMEN: We have your favor of the 18th and beg to state that we would be pleased to quote you, but you omitted to state one or two important facts.

The first is that we do not find you rated in the credit agencies, either Dun's or Bradstreet's, and we would have to have some satisfactory reference, for this company will not accept any business to-day, unless it is thoroughly satisfactory, because of the great demand for paper at this time.

Another thing, you did not state when the contract would commence. We are in position to give you as low prices as anyone, and if you wish us to have your business kindly let us know when you are ready to close contract and we will send our representative up to close it with you. We do not care to make any quotations on paper.

Yours, very truly,

TREADWELL PAPER COMPANY.

OCTOBER 22, 1907.

The TREADWELL PAPER COMPANY, Watertown, N. Y.

GENTLEMEN: I have your favor of the 19th instant, and in reply beg to say that we are not rated in either Dun's or Bradstreet's, and never will be as long as I have the management of this paper.

You seem to take it for granted that I have made up my mind that I want to close a contract with you. Such is not the case; I am in the market for paper and would be glad to know what you have to offer. I expect to be out of town for the next two weeks, but will be glad to see your representative upon my return, about October 31 or November 1.

In regard to references, you might communicate with the Union National Bank of this city, or the New York and Pennsylvania Company, 41 Park Row, New York City, from whom we have been buying paper for the last five or six years.

Yours, very truly,

Business Manager.

TREADWELL PAPER COMPANY,
Watertown, N. Y., October 24, 1907.

TROY RECORD, Troy, N. Y.

GENTLEMEN: We have your favor of the 22d, and note your remarks about Dun's and Bradstreet's. We also thank you for the references you have given us.

We note that you have bought paper from the New York and Pennsylvania Company, of New York City, for the last five or six years. The reason we stated so plainly that we wanted to know that you would make contract with us was on account of the scarcity of paper. Our news paper is nearly all sold. In fact, there is none to spare and the market tends toward higher prices. Therefore, unless we are certain that a concern wants to do business with us we can not take the trouble, time, and expense to send representative to find that New York and Pennsylvania or some other concern has been given the preference.

If you wish to give us your business we will be pleased to talk with you, but otherwise, under the present conditions of the market, we can not consider it.

Yours, very truly,

TREADWELL PAPER COMPANY.

NOVEMBER 1, 1907.

The TREADWELL PAPER COMPANY, *Watertown, N. Y.*

GENTLEMEN: Your letter of October 25 was duly received. The writer has been absent from the city for about ten days, which will account for the delay in reply.

When we wrote you on October 18 we also wrote to several other mills for quotations, and, as stated in our former letter, we have not made up our mind that we wish to give you our business. In view of the fact that you have not seen fit to quote us, we will withdraw our request for quotation, and will let the matter drop.

Yours, very truly,

THE TROY RECORD CO.

OCTOBER 18, 1907.

Mr. WATSON,

Care H. G. Craig & Co., 261 Broadway, New York City.

DEAR SIR: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year, and use rolls of two sizes, 35½ and 53½ inch.

Yours, very truly,

THE TROY RECORD CO.

[H. G. Craig & Co., paper merchants.]

NEW YORK, October 19, 1907.

TROY RECORD, *Troy, N. Y.*

GENTLEMEN: We beg to acknowledge receipt of your valued favor of the 18th instant, and wish to thank you for the opportunity you afford us to quote you on your contract for news print for the ensuing year. The very lowest price we can name you is \$2.60 delivered f. o. b. cars Troy, carload lots, terms thirty days net.

We believe it is hardly necessary for us to assure you that we would be only too happy to have your name on our books, and with this end in view we have quoted you our best price. Should you decide to favor us by placing your contract in our hands, we feel sure that we can give you a service second to none.

Awaiting the pleasure of your reply, we are,

Yours, very truly,

H. G. CRAIG & Co.,
EDWARD H. WATSON.

OCTOBER 18, 1907

THE GENESEE PAPER COMPANY, *Rochester, N. Y.*

GENTLEMEN: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year and use rolls of two sizes, 35½ inch and 53½ inch.

Yours, very truly,

THE TROY RECORD CO.

ROCHESTER, N. Y., October 21, 1907.

Mr. D. B. PLUM, *The Troy Record, Troy, N. Y.*

MY DEAR MR. PLUM: I have your favor of the 18th instant addressed to the Genesee Paper Company. I am handling the St. Regis paper and have been on all my old contracts and have taken the matter up with the mill to see if I can not get a special price on your contract and will quote you to-morrow or the day following.

I have just renewed some of my contracts last week, and my customers with whom I renewed said it was the best paper they have ever used, so I think you will be well pleased with the quality, and hope to be able to name you a price which will get your business.

Yours, truly,

HUBBS & HASTINGS PAPER CO.,
C. F. HASTINGS, *Treasurer.*

ROCHESTER, N. Y., October 24, 1907.

Mr. D. PLUM, *The Troy Record, Troy, N. Y.*

DEAR SIR: I am just in receipt of word that the St. Regis Paper Company have quoted you direct through H. G. Craig & Co., so that under the circumstances I shall have to withdraw. All I can say is this, that if you do business with them, you will be more than pleased with the paper, and also with their method of doing business.

Yours, truly,

HUBBS & HASTINGS PAPER CO.,
C. F. HASTINGS, *Treasurer.*

The CHAIRMAN. Who is that letter from?

Mr. NORRIS. Hubbs & Hastings Paper Company.

The CHAIRMAN. Who are they?

Mr. NORRIS. In Rochester; paper dealers, jobbers.

The next is Parsons Brothers—

Mr. STAFFORD. How were they informed that Craig had quoted them prices?

Mr. NORRIS. Evidently informed by the St. Regis Company. They say so: "I am just in receipt of word that the St. Regis Paper Company have quoted you direct through H. G. Craig & Co." This was a letter addressed to the Genesee Paper Company—the Genesee Paper Company, Rochester—answered by Hubbs & Hastings Paper Company. [Reads:]

OCTOBER 18, 1907.

Messrs. PARSONS BROTHERS, 257 Broadway, New York City.

GENTLEMEN: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year, and use rolls of two sizes, 35½-inch and 53½-inch.

Yours, very truly

THE TROY RECORD Co.

NEW YORK, October 19, 1907.

THE TROY RECORD COMPANY, Troy, N. Y.

GENTLEMEN: We thank you for yours of yesterday, and will be pleased to quote on your requirements for news within a few days.

Very truly, yours,

PARSONS BROTHERS,
Per M.

NEW YORK, October 22, 1907.

THE TROY RECORD, Troy, N. Y.

GENTLEMEN: We are pleased to quote on year's contract for 500 tons news print in 35½-inch and 53½-inch rolls, to be taken in fairly even monthly quantities: 2.65 cents per pound, net cash, thirty days, f. o. b. Troy, subject to prompt acceptance.

Thanking you for the opportunity and hoping to have your esteemed orders,

Very truly, yours,

PARSONS BROTHERS,
Per WM. C. JUFF.

NEW YORK, October 29, 1907.

THE TROY RECORD, Troy, N. Y.

GENTLEMEN: We have not heard from you in reply to our quotation of a week ago. If you have not closed contract, please advise.

Yours, very truly,

PARSONS BROTHERS,
Per VN.

OCTOBER 30, 1907.

Messrs. PARSONS BROTHERS, 20 Vesey street, New York City.

GENTLEMEN: We are in receipt of your communication of recent date, and in reply to same, beg to state that our business manager, Mr. Plum, has been out of town for the past four or five days, but will take up this matter with you immediately upon his return.

Yours, very truly,

THE TROY RECORD Co.

NOVEMBER 1, 1907.

Messrs. PARSONS BROTHERS, 20 Vesey street, New York City.

GENTLEMEN: Your letters of October 22 and 29 were received during the absence of the writer from the city. Your quotation on news print of \$2.65 f. o. b. Troy is so extremely high that we will be unable to consider it.

Yours, very truly,

THE TROY RECORD Co.

This is the answer from Parsons, November 2 [reads]:

[Parsons Brothers, paper merchants and exporters.]

NEW YORK, November 2, 1907.

THE TROY RECORD, Troy, N. Y.

GENTLEMEN: Since our quotation of October 22 we have placed ourselves in position to make materially lower quotations on a limited amount of news print for this market. This was the reason for ours of October 29, to which we have your replies of October 30 and November 1.

If you have not closed, permit us to modify our former quotation to the extent of allowing you 3 per cent off for cash in ten days.

Trusting we may be in time to save you money on your paper bill,
Yours, truly,

PARSONS BROTHERS.

P. S.—Above quotations subject to previous sale.

NOVEMBER 6, 1907.

MESSES. PARSONS BROTHERS, 20 Vesey Street, New York City.

GENTLEMEN: We acknowledge receipt of your favor of the 2d instant, amending your former quotation on news print to the extent of an allowance of 3 per cent for cash in ten days.

This amended price is quite high, and we are going to ask you if you would not like to make us a more attractive figure.

Will you also kindly advise us from which mill the paper will be shipped, and also send us a sample of the paper?

Yours, very truly,

THE TROY RECORD CO.

Further from Parsons Brothers. [Reads:]

[Parsons Brothers, paper merchants and exporters.]

NEW YORK, November 7, 1907.

THE TROY RECORD,

Mr. D. B. Plum, Business Manager, Troy, N. Y.

GENTLEMEN: We have yours of yesterday in reply to ours of November 2, asking us to make you a more attractive figure. We regret to advise you that this is impossible; that both of our quotations were based on practically the same small margin of profit, the reduction being due, as stated, to our ability to buy a limited quantity of news print under the market price.

We send you printed copies, which happen to be in the office at the moment, of two publications printed on paper from the same mills from which we propose to supply you. If the sheet you are now using should be more to your taste, please mail us a copy and we feel certain that we can match it to your satisfaction.

The price, however, as above stated, is rock bottom, and we expect news to cost us more than we quote you in the near future.

Trusting we can close contract with you at to-day's figure,

Yours, truly,

PARSONS BROTHERS.

NOVEMBER 8, 1907.

MESSES. PARSONS BROTHERS, 20 Vesey Street, New York City.

GENTLEMEN: I acknowledge receipt of your favor of the 7th instant, and in reply beg to say that I will be unable to close contract with you at the price quoted.

Yours, very truly,

Business Manager.

GRAND' MÈRE, P. Q., October 22, 1907.

THE TROY RECORD, Troy, N. Y.

GENTLEMEN: We understand from F. Dillingham & Co., Boston, that you are in the market for your contract for one year. If you will give us the privilege of quoting, will you kindly advise us when shipments must commence, and if you use 32-pound

paper on the basis of 24 by 36. Messrs. Dillingham & Co. advise us that you use approximately 500 tons a year and that your sizes are 35½ inches and 53½ inches.

Yours, truly,

THE LAURENTIDE PAPER COMPANY (LIMITED).
J. H. A. ACER, *Treasurer*.

NOVEMBER 1, 1907.

THE LAURENTIDE PAPER COMPANY (LIMITED),
Grand Mère, P. Q., Canada.

GENTLEMEN: Your very courteous letter of October 22, was received during the absence of the writer on a business trip through the West.

We should be pleased to receive your quotation on our supply of news print for one year, and beg to advise you that shipments can commence immediately or the first of January.

We use paper 32 on the basis of 24 by 36, and will contract for from 450 to 500 tons per year in 35½-inch and 53½-inch rolls.

Will you kindly let us have your quotation promptly, as we hope to close our contract within a few days.

Yours, very truly,

THE TROY RECORD CO.
_____, *Business Manager*.

GRAND' MÈRE, P. Q., November 4, 1907.

THE TROY RECORD CO., Troy, N. Y.

DEAR SIR: We beg to acknowledge receipt of your favor of November 1. Since our correspondence started with you we have sold our entire output for next year, and therefore very much regret that we are not now in the position to make you a quotation.

We thank you for your consideration and are only sorry that we are not in the position to serve you.

Yours, truly,

THE LAURENTIDE PAPER COMPANY (LIMITED).
J. H. A. ACER, *Treasurer*.

To the Ticonderoga Pulp and Paper Company the same form of question was propounded. The Ticonderoga Company answered [reads]:

OCTOBER 18, 1907.

MR. WM. N. CHAPIN,
Manager of Sales, Ticonderoga Pulp and Paper Co., New York City.

DEAR SIR: If you feel so disposed, we should be pleased to receive a quotation from you on news print.

We contract for approximately 500 tons per year, and use rolls of two sizes, 35½ inches and 53½ inches

Yours, very truly,

THE TROY RECORD CO.

NEW YORK CITY, October 19, 1907.

THE TROY RECORD, Troy, N. Y.

DEAR SIR: Answering your kind favor of the 18th instant, would say that we are not making any news printing paper, our product being confined exclusively to high grades of book and magazine papers, of which we are pleased to hand you herewith samples, and if you should at any time be interested in our grades we shall be pleased to name you the lowest figures at which we are willing to tell. We thank you for the inquiry, and regretting we can not serve you, we remain,

Very respectfully,

TICONDEROGA PULP AND PAPER CO.,
By W. N. CHAPIN, *Manager Sales*.

OCTOBER 18, 1907.

THE FINCH-PRUTN CO., *Glens Falls, N. Y.*

GENTLEMEN: If you feel so disposed, we should be very glad to receive a quotation from you on news print.

We contract for approximately 500 tons per year and use rolls of two sizes, 35½ inches and 53½ inches.

Yours, very truly,

THE TROY RECORD CO.

GLENS FALLS, N. Y., *October 19, 1907.*THE TROY RECORD, *Troy, N. Y.*

GENTLEMEN: We acknowledge receipt of your favor of October 18, asking us for quotations on 500 tons of print paper. On account of our tonnage for next year being entirely taken up on contract orders, we are unable to quote you. Thanking you, however, for the opportunity, we remain,

Very truly, yours,

FINCH, PRUTN & COMPANY,
ALBERT NEWCOMBE,
Manager Paper Mills Department.

The CHAIRMAN. Are you able to state, after reading those, what is the net result of this? How many letters were there quoting prices?

Mr. NORRIS. All but two; some of them referring to H. G. Craig & Co.; some of them stating that they were out of the market at that time; the Laurentide stating that they had filled up, in an interval of three days, for next year; and there are various facts which, when put into the record and coupled with the letters of those same companies to other persons at that time or subsequently, will, I think, establish a chain of facts which will require explanation from them—certainly from H. G. Craig & Co. It establishes a quotation of \$2.60 in October. It is material as to what was the price that was being quoted. You asked us at the outset to establish that.

The CHAIRMAN. I understand. I was wondering whether it tended to show a combination to fix the price. It seemed to me they had a tendency to show a combination.

Mr. NORRIS. We do not profess to know at this time in what shape those plans worked out. We are confident that this committee will discover.

The CHAIRMAN. That is the end of these responses to the telegrams?

Mr. NORRIS. Yes, sir.

Mr. NORRIS. May I at this time submit the last week's budget of news on the paper situation, as affecting these matters before this committee, an article in the Paper Mill of April 25 on that Western merger, stating that appraisers are again in the West, giving the names of the people. It is not necessary to read the article.

The CHAIRMAN. You ought to call our attention to what it is.

Mr. NORRIS. It is a statement giving the names of the persons who are in the West in connection with the paper-mill merger. Shall I read it?

The CHAIRMAN. Read part of it, so we will get what the point is.

Mr. NORRIS (reading):

The arrival here last Wednesday evening—

It is dated Appleton, Wis., April 20. [Continues reading:]

The arrival here last Wednesday evening of N. M. Jones, of Bangor, Me.; Charles S. Barton, of Worcester, Mass., and A. B. Wardle, of New York, and the later arrival of Henry B. Dean, of the firm of Dean & Shipley, of New York and Providence, R. I., seems to lend additional color to the report that there is again "something doing" in the print-paper-mill-merger deal.

The CHAIRMAN. What is the date of this?

Mr. NORRIS. April 20, about ten days ago, ten or twelve days ago. [Continues reading:]

The first three named gentlemen remained in Appleton only thirty-six hours, when they departed, presumably for home. Mr. Dean and Mr. Hanrahan are still here, and this afternoon another stranger, whose name could not be learned and whose home is said to be in New York City, arrived here.

During the stay in Wisconsin the easterners visited several of the mills in Appleton and vicinity and held two conferences with manufacturers. If the word of the latter is not misleading, and it is believed that it is not, then nothing was accomplished that will warrant a statement that the merger deal is any nearer closed now than it has been for some months.

Several Wisconsin River district men were in the city last week to confer with Messrs. Dean and Hanrahan, but none would consent to be interviewed on the merger subject. Several Fox River Valley manufacturers have been seen since the departure of the easterners, but all agreed that no progress was made in the deal.

Here is more of gossip that I think is not specially valuable. However, it may be. [Continues reading:]

Your correspondent, however, from a source heretofore unvisited and unsolicited, learned that there is important activity in the merger line, and he intimated that there is apt to be startling developments within the next few weeks. The individual in question is in a position to know something of what he speaks, and, while he would drop not the slightest hint as to what might be expected, he said that newspaper men in general had better be on the alert from this time on, as there is going to be developments of import.

It is learned to-day that at least two Wisconsin manufacturers have told Mr. Hanrahan plainly that he need not call upon them on matters pertaining to the merger deal until such time as he is prepared to announce an entirely new proposition. These men have openly declared that they will not consider the present proposition, and unless something new can be proposed to bring about a syndicate of Wisconsin mills they do not care to be bothered with the deal. It is also intimated that the merger interests have about decided to make a new proposition and that some of the manufacturers have declared they are willing to hear it.

The CHAIRMAN. How does that indicate in anyway, how does that have a tendency to indicate, that there is a combination among those mills?

Mr. NORRIS. That there is a concert of action at this time with the idea of an ultimate disposal of all of their properties to a syndicate.

The CHAIRMAN. It seems to me that that indicates that there is not a concert of action among them at this time for any purpose; that is, that there is no agreement between them; that is the complaint. Whether it is true or not is a different thing.

Mr. NORRIS. The principal point aimed at in the presentation of that is merely to show the visit of these people to those mills and the evidences of some sort of negotiation in progress; what it is, what its effects we do not pretend to know.

Also an article from The Paper Mill of April 25, 1908, headed—

Mr. MILLER. The same date?

Mr. NORRIS. Same date, headed "One of the Causes—Rapid Increase in Production—Last Year's Business of Large Volume," from Appleton, Wis., April 20, which we offer, because sooner or later in the course of your study of this matter, and especially in connection with the \$60,000,000 aspect of this question, these questions of increased volume of output last year will be quite material. I mean a question may come up as to the volume of output, aggregate tonnage of output, of American mills in 1907 as compared with 1904, and this is merely offered as bearing materially upon that phase of it. Shall I read it?

The CHAIRMAN. Yes.
Mr. NORRIS (reads):

APPLETON, WIS., April 20, 1908.

"There are, of course, a lot of conditions that contribute to the present lethargy in the paper business," said a manufacturer to me to-day, while talking of business as it seems to be, not only in Wisconsin, but throughout the country, "but there is one condition that one seldom hears about, which I really believe has as much as any other thing to do with the slack times among paper-mill men. The condition that I refer to is the rapid increase in production of paper during the last two or three years. Mills have sprung up all over the country, old mills have been enlarged, and their capacities more than doubled by the installation of new machinery.

"Last year was an altogether unusual and abnormal year for the paper business. There was more business in the paper industry last year than any year that I remember of in my more than fifteen years' career in the manufacture of paper. The mills, until the financial depression struck the country in December, were running at top notch; every plant was turning out every pound of paper possible, and many of the mills during a portion of the year were behind orders. None had any time to fill warehouses, and no one was complaining. And because of this abnormal business, which began back in 1906, mills have been built on every water power; old mills have been remodeled and reequipped, and the result is that the production has been more than doubled in the last few years.

"I contend that there never again, except in abnormal times, will be enough actual business to keep all the mills running full capacity the year around, unless this mill building and mill remodeling is stopped for a time, until the consumption of paper in the country is materially increased. The production of paper during the last three years has increased beyond the consumption. The paper manufacturers had a few good years and suddenly companies here, there, and all over were formed and mills built so as to share a portion of this profit. The result of it all will be overproduction and no profits for anyone. Much has been written and said on other conditions that have been brought about the present stagnation, but very little is said of the point I bring out, which in my mind is of greatest importance."

Mr. STAFFORD. Does not that article go to confirm, does it not go to the proposition that there has been an inordinate demand and not a supply equal to meet that demand?

Mr. NORRIS. This article does not; this article says that there has been an inordinate production.

Mr. MILLER. The production is much greater than the demand.

The CHAIRMAN. I agree with Mr. Stafford about that, that during the year 1907 the mills were all running to their fullest capacity. Of course, that was to meet a demand. Who wrote the article?

Mr. NORRIS. It is signed "Wisconsin;" it is one of the correspondents.

The CHAIRMAN. You do not know who wrote it?

Mr. NORRIS. No.

The CHAIRMAN. Or whether his opinion is entitled to weight?

Mr. NORRIS. No, sir.

Mr. STAFFORD. That article is along the lines that are laid down by economists, that when prices are high and supply is not adequate to meet that demand, that new mills will be established until there will be such a large production that the price will have to fall, and he is forecasting that condition by reason of the number of the new mills having been established in 1907.

Mr. NORRIS. Let me state, my only thought was that it might suggest to your minds some inquiries on this particular line.

Mr. SIMS. Let me ask Mr. Norris, in that connection, if it has not been a part of your contention, representing your association, that the capacity of the American mills has not been increased?

Mr. NORRIS. Our contention is that the capacity of the International Paper Company has not been increased.

Mr. SIMS. Confined to the International Paper Company?

Mr. NORRIS. Yes.

Mr. STAFFORD. Why should you direct your complaint against the lack of increase in that one company, if mills have been established by other independent concerns or other outside concerns that would meet the demand and more?

Mr. NORRIS. It is opening up a large subject.

Mr. STAFFORD. I do not wish to interpose this question and take you off your regular course of presentation.

The CHAIRMAN. You are in a position where, if the International Paper Company does not increase its output, you have the license to complain because it does not keep up with the demands which you have a right to make, and if it does increase its output, then you have a right to complain because it is acquiring too great an influence in the paper business.

Mr. NORRIS. Not at all.

The CHAIRMAN. I did not say you were making that complaint; I said you were in a position where you could make those complaints.

Mr. NORRIS. We are making this point, that when the International Paper Company was organized as a beneficiary of the tariff, it was under more or less obligation, which every beneficiary of the tariff is under, that it shall fairly attempt to provide for the demands of the home market, especially before it shall go abroad to build up a foreign market.

The CHAIRMAN. Is not the whole theory of the tariff, on the contrary, that no one individual is obliged to supply the demand, but that all people who want to go into the business in the country are protected again ruinous foreign competition?

Mr. NORRIS. Let me carry my point further; I had not finished my illustration—that in 1905, in pursuance of that assumed obligation, the International Paper Company borrowed \$5,000,000 with the idea of extending its capacity and putting up ten additional machines.

The CHAIRMAN. You are going into that later?

Mr. NORRIS. Yes; I was attempting to answer the question.

The CHAIRMAN. I would not go into that now; I do not wish to cut you off.

Mr. NORRIS. I prefer to save that until later.

I also submit a letter from David S. Cowles, president of the American Pulp and Paper Association, printed in the Paper Trade Journal of April 30, 1908, with respect to the rate paid labor. It is a long letter; there are various points in it. One thing I want to fasten down to Mr. Cowles is the point:

We claim that the rate of labor in news-print mills has increased in ten years 30 to 70 per cent, according to the class of labor and according to whether or not the mills are unionized, and that a large part of this increase has taken place in the past two years.

We claim that it will be shown that the news-print mills are not overcapitalized, and that during the period of ten years the return upon the capital invested has, on an average, barely covered legal interest, and that profits have diminished, especially during the past two years.

It is quite important. I recall some of the passages in it. It may be interesting also that the gentleman who owned the three mills which Mr. Cowles represents died about two years ago, leaving an estate of \$6,000,000, presumably acquired in this poverty-stricken business of paper making.

The CHAIRMAN. He is in very much the same fix that other people are who acquire immense sums of money in business that is never profitable. [Laughter.]

Mr. NORRIS. They clip in coupons now \$6,000,000. Mr. Cowles further claims:

That it will appear upon investigation that the average price of news paper for the whole country will not show an increase to exceed 10 per cent in the prices obtained so far this year over the corresponding period for last year, and that the additional price which will be paid for news paper on the basis of the first three months of this year, and on the basis of contracts in existence, assuming the consumption to be the same as in 1907, will not increase the amount to be paid by the publishers in 1908 over 1907 by more than \$4,000,000, instead of \$24,000,000, as has been alleged.

We claim that it will be shown that the largest producer of news paper does not manufacture or control more than about 35 per cent of the news print produced in 1907, and that there are about 50 mills whose product is sold independently of each other.

The CHAIRMAN. Is this not the article that he sent to the Members of Congress, which is already in the record?

Mr. NORRIS. It is already in the record? Then I withdraw it.

Mr. SIMS. I do not remember it.

Mr. NORRIS. I think not this, because this is dated April 25. This is a new one; I never saw an admission of \$4,000,000.

The CHAIRMAN. I think we put it in the record the other day.

Mr. STAFFORD. If it is a new one, the presumption is that Mr. Norris has not seen it.

The CHAIRMAN. We have a communication of that sort. We ought to have our index over here, but go ahead, put it in for fear it is not in, but I am pretty sure it is in.

Mr. NORRIS. All right, sir.

The CHAIRMAN. I remember the article.

Mr. STAFFORD. The article is headed as a letter to each Member of the House.

Mr. NORRIS. I understand, but I did not understand this was in. This is not the first letter he has sent to each Member of the House.

Mr. STAFFORD. We have received two, to my knowledge.

Mr. NORRIS. Assume that it is in; please cancel that.

The CHAIRMAN. He claims that the increased price of print paper was up to \$4,000,000 a year, while Mr. Ridder claims that the increased cost to printers and publishing houses is \$60,000,000 a year. That is quite a discrepancy.

Mr. NORRIS. No; is that not slightly a misapprehension, that he says merely on news-print paper it is \$4,000,000 as against \$24,000,000 of Ridder?

The CHAIRMAN. Let the stenographer read it; you misunderstand my question.

The stenographer repeated the question as follows:

The CHAIRMAN. He claims that the increased price of print paper was up to \$4,000,000 a year, while Mr. Ridder claims that the increased cost to printers and publishing houses is \$60,000,000 a year. That is quite a discrepancy.

The CHAIRMAN. That is the claim.

Mr. NORRIS. This \$60,000,000 includes book paper; his does not.

The CHAIRMAN. I understand that.

Mr. SIMS. As I understand it, there is not that great discrepancy between them on that particular item of news-print paper. I just want to see whether I am right.

The CHAIRMAN. One claims \$60,000,000 a year is the increased cost to printers and publishers; that is what he claims. The other fellow comes in and says \$4,000,000 a year on news-print paper. I say there is quite a difference between the figures.

Following is the letter referred to:

NEW YORK, April 25, 1908.

Hon. ———, *House of Representatives, Washington, D. C.*

DEAR SIR: We beg to express to you as a Member of the House of Representatives our recognition of its course in declining to unjustly discriminate against our industry in spite of the coercive attitude of the press.

We look upon the appointment of an investigating committee as elemental justice, and we regard the continued efforts of that portion of the press which appears to control the American Newspaper Publishers' Association to oppose the will of Congress, as expressed in the passage of the Cannon resolution, as an exhibition to Congress itself of the utter lack of any sense of justice which is characteristic of the publishers' attack upon our industry.

It has become manifest that the only kind of paper the publishers are solicitous in regard to is that which they themselves consume, viz, news-print paper. We therefore take this opportunity to state to you that we believe the impartial investigation to which we may look forward will show that there is no monopoly nor conspiracy in restraint of trade among the news-paper mills of the United States, nor any extortion in the prices at which they are selling their product.

We claim that, in general, it will be shown that the cost of pulp wood has doubled in ten years, and that a very considerable part of the increase has been in the past two years.

We claim that the rate of labor in news-print mills has increased in ten years 30 to 70 per cent, according to the class of labor and according to whether or not the mills are unionized, and that a large part of this increase has taken place in the past two years.

We claim that it will be shown that the news-print mills are not overcapitalized, and that during a period of ten years the return upon the capital invested has, on an average, barely covered legal interest, and that profits have diminished, especially during the past two years.

We claim that it will appear upon investigation that the average price of news paper for the whole country will not show an increase to exceed 10 per cent in the prices obtained so far this year over the corresponding period for last year, and that the additional price which will be paid for news paper on the basis of the first three months of this year, and on the basis of contracts in existence, assuming the consumption to be the same as in 1907, will not increase the amount to be paid by the publishers in 1908 over 1907 by more than \$4,000,000, instead of \$24,000,000, as has been alleged.

We claim that it will be shown that the largest producer of news paper does not manufacture or control more than about 35 per cent of the news print produced in 1907, and that there are about fifty mills whose product is sold independently of each other.

We claim that these statements are at least worthy of equal credence with the statements made by the publishers, and all we ask is an opportunity to demonstrate their truth, which opportunity it seems to be the purpose of the publishers to persuade Congress to deny us.

We believe that many Members of Congress who may have taken the side of the publishers when they know the exact facts will change their attitude.

Very truly, yours.

AMERICAN PAPER AND PULP ASSOCIATION,
DAVID S. COWLES, *President*.

Mr. SIMS. I remember now what you refer to.

Mr. NORRIS. As a friend of the committee, to secure the fullest information for it, I submit the advertisement of the Continental Paper Bag Company, printed in the anniversary number of the Paper Trade Journal, on page 164.

The CHAIRMAN. Will the committee get anything for inserting this advertisement in its sheet? [Laughter.]

Mr. NORRIS. It is in answer to a question of yours.

The CHAIRMAN. Lost. [Laughter.]

Mr. STAFFORD. I think you did not appreciate the full significance of the question put to you by the chairman.

The stenographer repeated the question as follows:

The CHAIRMAN. Will the committee get anything for inserting this advertisement in its sheet?

Mr. NORRIS. Will you kindly inform me what is your circulation? [Laughter.]

The CHAIRMAN. It is growing very rapidly. We have had to order a third addition of our morning publication. [Continued laughter.]

Mr. NORRIS. This advertisement locates the factories, bag factory and printing plant, Rumford Falls, Me.; envelope factory and printing plant, Rumford Falls, Me.; tissue mills, Ashland, N. H., Greenwich, N. Y., Watertown, N. Y.; toilet-paper factory, Ashland, N. H.; manila and fiber mills, Piercefield, N. Y., Rumford Falls, Me., Watertown, N. Y.

The CHAIRMAN. Did Ridder include toilet paper in his printing and publishing paper? [Laughter.]

Following is the advertisement referred to:

Continental Paper Bag Company. General offices, Whitehall Building, Battery place, New York City.

Manufacture: Flat bags, satchel B. bags, square bags, A. B. C. patent bags, coffee and tea bags, bread bags, poultry sacks, flour paper sacks, nail bags, shot bags, charcoal paper sacks, millinery bags, shirt-waist bags, shirt bags, banana bags, blanket bags.

Bag factory and printing plant, Rumford Falls, Me.

Envelope factory and printing plant, Rumford Falls, Me.

Tissue mills, Ashland, N. H.; Greenwich, N. Y.; Watertown, N. Y.

Toilet-paper factory, Ashland, N. H.

Manila and fiber mills, Piercefield, N. Y.; Rumford Falls, Me.; Watertown, N. Y.

Manufacture: Toilet paper, rolls and packages; tissue paper, manila, white.

Wrapping paper: Manilas, fiber.

Open-end merchandise envelopes: Notion bags, glove bags, scarf bags, etc.; O. E. envelopes for catalogues, pamphlets, etc.

Export department, New York City. Distribution points for "continental" goods in all principal cities of the United States.

Mr. NORRIS. Sure. Also the advertisement of the Union Bag and Paper Company, page 168, which states that the mills and factories are at Sandy Hill, Ballston, Hadley, N. Y., Watertown, Mass., and Kaukauna, Wis., the general offices at 17 Battery place, New York, N. Y.

Following is the advertisement referred to:

The Union Bag and Paper Company, manufacturers paper bags, sulphite pulp, manila, screenings, and waxed paper, white corrugated packing paper.

Selling agents: Samuel Cupples Wooden Ware Company, St. Louis, Mo.; Wheeler, Fisher & Co., Chicago, Ill.; Wheeler, Fisher & Co., San Francisco, Cal.; The Chatfield & Woods Company, Cincinnati, Ohio; John S. Riegel Bag Company, Philadelphia, Pa.; Smith, Dixon Company, Baltimore, Md.; D. S. Walton & Co., New York City; Hollingsworth & Whitney Company, Boston, Mass.

Mills and factories at Sandy Hill, Ballston, Hadley, N. Y., Watertown, Mass., and Kaukauna, Wis.

General offices, 17 Battery place, New York, N. Y.

Mr. NORRIS. Also the announcement of the Cliff Paper Company, on page 224, wherein the claim is made for 80,000 pounds of paper a day, 40 tons, 75,000 pounds of pulp a day.

Following is the advertisement referred to:

Mills of Cliff Paper Company, Niagara Falls, N. Y.; 3,000 horsepower of water, 300 horsepower of electricity; 80,000 pounds of paper per day, 75,000 pounds of pulp per day. We invite correspondence with concerns wishing a sure supply of material. Cliff Paper Company, Arthur C. Hastings, Treasurer, Niagara Falls, N. Y.

Mr. NORRIS. Also of the West Virginia Pulp and Paper Company, wherein it states its daily capacity at 700 tons.

Mr. BANNON. Where is that plant?

Mr. NORRIS. With mills at Luke, Md.; Covington, Va.; Davis, W. Va.; Piedmont, W. Va.; Tyrone, Pa.; Williamsburg, Pa.; Duncan Mills, Mechanicsville, N. Y.

Mr. BANNON. Luke—L-u-k-e?

Mr. NORRIS. Yes; what did I say?

Mr. BANNON. A news-pulp mill.

Mr. NORRIS. This is a book mill; it is not a news print.

The CHAIRMAN. We did not know but what you said "loose."

Mr. NORRIS. Luke—L-u-k-e.

The CHAIRMAN. What is the name of that company?

Mr. NORRIS. West Virginia Pulp and Paper Company. This company, and a gentleman at the head of it, John G. Luke, was referred to in connection with the raise in the price of book, about which you may make diligent inquiry.

Also the announcement of H. G. Craig & Co., page 202 [reads]:

Edward G. Ward, Alvah Miller, John A. Davis. H. G. Craig & Co., paper merchants, 261 Broadway, New York City. Sales agents for St. Regis Paper Company, St. Croix Paper Company, Gould Paper Company, Taggarts Paper Company, West-End Paper Company, Malone Paper Company, Le Ray Paper Company, De Grasse Paper Company. Capacity, 750 tons daily. Manufacturers of news, hanging, manila, poster, colored, bag, specialties, sulphite, ground wood, and kindred products.

Also the announcement of the Manufacturers' Paper Company, about which the chairman made inquiry.

Following is the advertisement referred to:

Manufacturers' Paper Company. Sales offices, New York, Chicago, Boston. News, manila, fiber wrapping, drug bond, wood pulp, specialties.

The CHAIRMAN. What was the name of that last one?

Mr. STAFFORD. The Craig.

Mr. NORRIS. It merely states that it deals in news, manila, fiber, wrapping, drug bond, wood pulp, specialties. That is located at 41 Park Row.

I also call the attention of the committee to an article which will have considerable bearing on the export foreign prices of news-print paper, an article in this publication on page 55, entitled "Our neglect of the foreign markets," wherein the original idea of the creation of the International Paper Company is exalted. That idea was that those mills were to be brought together in order that American mills might compete abroad for a market under conditions which no single mill could fairly meet, and the statement was made that at that time there was a market of \$61,000,000. That is the interchange of business going in or out of Great Britain, Germany, France, and a few of the larger nations, with Australia, South America, and South Africa.

The CHAIRMAN. Then there was an immense foreign business, was there not?

Mr. NORRIS. There was a possibility of an immense foreign business, and there is also a reference here, which may be probably explained by Mr. Chable. [Reads:]

In the case of one large manufacturer of news paper a special effort was made about eight years ago to secure an export trade. The first year the work resulted in shipments amounting to only 25 tons per day, or a total of 7,500 tons for the year. This tonnage grew little by little, and as confidence in the American exporter was restored and his product appreciated, it amounted last year to 50,000 tons.

Mr. NOKES. No; news-print paper, apparently, the product of particular company.

There is an explanation here with respect to a transfer of placing some part of an order. Shall I read this

...that the export trade had been decreasing.

Apparently not. Here is one company increased, from 25 tons to 150 tons per day.

WALL CONTACT IS CRITICAL

11. The International of which he is the foreign manager,

[illegible]

_____ is the article referred to:

**THE NEW YORK FOREIGN MARKET—THE EXPORT TRADE IS AN ANCHOR TO WIND-
MILLERS' BLAST AT PROTECTION—AMERICAN POLICE CONSIDERS A PROFIT-
ABLE OF THE TRADES FIRM.**

THE

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imposed by protective duties, bring a smaller price than does the same product in the home market. While such a statement may be true about other goods, it does not hold in the case of the paper industry of the United States. The net returns of the export trade in the newspaper branch of the industry have been equal for the last ten years to the net returns obtained at home, and this condition is due largely to the following causes:

First. The manufacturer has been able to convince the foreign customer of his willingness and ability to keep him supplied at all times.

Second. The news paper supplied by American manufacturers has been superior in quality to the paper manufactured in Scandinavia, Germany, and elsewhere, and this superiority has been appreciated in all countries in which the typographical art has made progress, and where fast-running rotary presses have supplanted the old-time printing apparatus.

There are many countries in Europe that would be glad to deal with the United States for news were it not for heavy duties on imports, much heavier than the tariff on news paper in the United States, and who prefer our product to that of their own mills, which they consider inferior.

The only criticism that is still made is that the packing of the paper is not equal to that of our competitors abroad, or that when we do pack as they do, we make an exorbitant charge therefor. The latter imputation is correct, but is readily explained by the much higher cost of labor in this country.

In view of this preference by the publisher abroad for the product of our mills we have been able at all times to secure for our news paper an advance over the price quoted by our competitors.

In the case of one large manufacturer of news paper a special effort was made about eight years ago to secure an export trade. The first year the work resulted in shipments amounting to only 25 tons per day or a total of 7,500 tons for the year. This tonnage grew little by little, and as confidence in the American exporter was restored and his product appreciated, it amounted last year to 50,000 tons. This same manufacturer being beset by a large home demand which could not be supplied from a production reduced by drought, lack of wood, etc., purchased in other countries, at a sacrifice of many thousands of dollars (due to a sudden rise in the market), over one-half of the export tonnage contracted for—yet we are accused of shipping paper abroad in order to create a scarcity at home.

In the case of the company referred to, the exports amount to over 150 tons per day, the product of a good-sized mill, which could not and would not be run were it not that customers have been found for its output. Will our critics of the export trade reflect one moment over the loss which would be entailed to labor and to everyone in this country if in every industry mills were shut down that produce 150 tons per day of a commodity. As well find fault with the farmer for cultivating too great an area of land, for fattening too great a number of cattle, or with the earth for being too fertile!

Few countries are capable of manufacturing news paper profitably. Scandinavia, Finland, Canada, and the United States are the only ones owning the two principal requisites for making news profitably, viz, woodlands of the proper kind and large water powers. Other countries which manufacture news for home consumption are all importers of the raw material, in the shape of either wood or wood pulp, and their ability to manufacture within their home precincts depends solely upon high protective tariffs like that of Germany (65 cents per 100 pounds) or France (\$1.10 per 100 pounds), which enable them to secure high prices at home. At best the paper used for printing dailies in any of those countries, while higher priced than the paper used by our publications here, is as a rule not of a class which our publishers would accept. The evidence of this inferiority lies in the fact that in Great Britain, an absolutely free and competitive market, the American product always commands an advance of from 7½ per cent to 10 per cent over the Scandinavian product.

Such a condition might well be taken into consideration by those who believe that the abolishment of the tariff on news paper would bring about an era of cheaper news in the States; it doubtless would give us "cheaper" news, but not in the sense wanted by publishers here—and I dare predict that for every ton of the limited product of Scandinavia brought into the country and now consumed by Great Britain a ton of our better quality would be bought at our price by the British publisher.

The only danger in the paper industry of the States as far as profitable continuance of operations is concerned lies in Canada. There the manufacturer employing American methods, American labor, and using cheaper wood than can be found in the States, protected moreover by railroad rates which, unlike those in the States, are not "regulated" by everyone in authority, would be able to undersell the American manufacturer, with all the economic detriments which this would involve to the United States. Our neighbors in the North would not be slow in taking advantage

of the situation and in forcing our industry across the border by prohibiting the export of their wood or of their wood pulp.

But this is not a plea for the retention of the tariff. On the contrary, every export man is a free trader at heart and would like to see free trade conditions, which would mean a fair field for all, no favors, and the "survival of the fittest." The paper industry will need no tariff on imports the day tariffs shall be abolished in all countries. But even until the arrival of this millennium let us do all our best to continue selling as much as possible abroad and to increase the balance of trade in our favor, which looks so attractive at the bottom of the accounts of our exchanges with the world.

Mr. SIMS. Is that a long article that you are reading from?

The CHAIRMAN. We have the reports here. We have the export business from the United States in paper, and my recollection is quite strong that those figures, which we will have again, show that the export in paper had fallen off very materially since the spurt that followed the formation of the International Paper Company.

Mr. NORRIS. Have you been able anywhere to find any statement of export of news-print paper?

The CHAIRMAN. I will not say that we have found the export of news-print paper, because I do not remember.

Mr. NORRIS. I asked the Department here and received a letter January 4, 1908, wherein it said that they did not differentiate between news-print paper and other higher grades of paper.

The CHAIRMAN. I understand.

Mr. SIMS. Now, in that connection—

The CHAIRMAN. Still, they have been compiling some information—trying to—for us. It has not been furnished.

Mr. SIMS. That is just what I want to ask, is there any way for us to ascertain what have been the exports of news-print paper since the formation of the International Paper Company to the present time?

Mr. BANNON. You can get that through the Treasury Department.

The CHAIRMAN. The only way you could get the full data is through the value of the paper, but if the amount of exports has fallen off one-half or more during the last six or seven years, I think the presumption is that the news-print paper has greatly increased during that time.

Mr. SIMS. You mean news-print paper?

The CHAIRMAN. All of them.

Mr. NORRIS. We are alleging substantially that this company, going into foreign markets at a time when they foresaw a paper famine here, obtained foreign orders and placed them in Canada to the extent of 17,000 tons, and to that extent stopped the competition of the Canadian mills with the American market, and to that extent interfered with the plans for the raise in paper prices.

Mr. SIMS. Mr. Norris, can you give any idea of how much that would amount to? For instance, suppose there had been 15,000 tons more to draw from from the Canadian supply, would it have had an appreciable affect?

Mr. NORRIS. It would have been an aggregate of 56 tons a day.

Mr. SIMS. That is what I am asking for—your opinion on that.

Mr. NORRIS. Yes; and on a rising market 56 tons a day, 17,000 tons of paper, projected into the American market would affect not merely the price of 17, but possibly hundreds of thousands, merely

because the offer of it at a lower price would have kept down other prices.

The CHAIRMAN. Do you seriously think that 17,000 tons more of paper would have made any great difference in the million tons that were used?

Mr. NORRIS. Yes.

The CHAIRMAN. It would have been very unappreciable, do you not think, unless there was no demand for it?

Mr. NORRIS. Not at all. Our experience has been that 500 tons of paper, peddled around from office to office—

The CHAIRMAN. Oh, yes, for which there is no demand; any surplus for which there is no demand will instantly depreciate the market price; but where there is an active demand, a little more or less does not make any difference in the price ordinarily.

Mr. SIMS. Let me ask the counterpart of that proposition, where there is not an active demand exceeding the supply to deduct from the stocks any portion does not have, relatively, a greater effect than it bears with relation to the whole supply on the market?

Mr. NORRIS. Of course it would.

Mr. STAFFORD. In what years do you claim that the International Paper Company made this arrangement?

Mr. NORRIS. Nineteen hundred and seven. Also an article—

The CHAIRMAN. On that point, the paper exported from this country, purchased by Canada, I do not quite understand that. We would have no record here, of course, of exports from this country if the paper was sent from Canadian mills.

Mr. NORRIS. And I have a memorandum which will show how that went. It was information furnished by the International Paper Company to the New York Evening Post in an article which I will submit, wherein the rise in paper prices was discussed from the standpoint of the newspaper, and from the standpoint of the International Paper Company, with a statement by Mr. Burbank to the foreign sales department, showing also where paper was made on American machines of wood pulp imported from abroad, and on which rebates were paid to the company for its export, so that substantially it used the American machines and covered the American machines at a time of great domestic scarcity without paying any duty on the wood pulp, availing itself of practically free wood pulp.

The next article to which I call your attention is one on page 151, entitled "The Consolidations in the Trade," giving a description of the consolidations of the International, the Union Bag and Paper, the United Box Board and Paper, the United States Envelope, and the Union Waxed and Parchment Paper companies.

Mr. BANNON. Those are all different products?

Mr. NORRIS. Those are all different products.

Mr. BANNON. So that when they get together they can fill any kind of an order; is that the idea?

Mr. NORRIS. No; this is not that those five or six names have merged; this is introduced merely in order that the committee may have in its records historical matter connected with the early antecedents of those three or four concerns which sooner or later it must have information about, and this furnishes a preliminary in that direction.

Following is the article referred to:

THE CONSOLIDATIONS IN THE TRADE—THE INTERNATIONAL, THE UNION BAG AND PAPER, THE UNITED BOX BOARD AND PAPER, THE UNITED STATES ENVELOPE, AND THE UNION WAXED AND PARCHMENT PAPER COMPANIES FORMED.

The ten years (1898-1908) in the industry will be referred to as the decade of consolidations. During that time, which was one of concentration, not only from an economic sense, but also because of the severe competition and constant increase in the cost of manufacturing, a number of large companies in different branches of the industry came into existence.

Among the most important of the big companies which were launched during the consolidation era were the International Paper Company, the Union Bag and Paper Company, American Writing Paper Company, United States Envelope Company, Union Waxed and Parchment Paper Company, and the United Box Board and Paper Company.

The International Paper Company.—The International Paper Company was incorporated under New York laws on January 28, 1898, with a capital stock of \$45,000,000, divided into \$25,000,000 of preferred and \$20,000,000 of common stock. A bond issue of \$10,000,000 was also authorized.

The first officers of the company were: President, William A. Russell; first vice-president, Hugh J. Chisholm; second vice-president, Alonzo N. Burbank; treasurer, W. E. Spier, and secretary, Warner Miller.

The companies absorbed were as follows: Glens Falls Paper Mill Company, Glens Falls, N. Y.; Hudson River Pulp and Paper Company, Palmyra Falls, N. Y.; Otis Falls Pulp Company, Livermore Falls, Me.; Glen Manufacturing Company, Berlin Falls, N. H.; Niagara Falls Paper Company, Niagara Falls, N. Y.; Rumford Falls Paper Company, Rumford Falls, Me.; Fall Mountain Paper Company, Bellows Falls, Vt.; Winnipiseogee Paper Company, Franklin, N. H.; Lake George Paper Company, Ticonderoga, N. Y.; Webster Paper Company, Bangor, Me.; Montague Paper Company, Turners Falls, Mass.; Turners Falls Paper Company, Turners Falls, Mass.; Russell Paper Company, Lawrence, Mass.; Falmouth Paper Company, Livermore Falls, Me.; Haverhill Paper Company, Haverhill, Mass.; Herkimer Paper Company, Herkimer, N. Y.; Umbagog Pulp Company, Livermore Falls, Me.

The Union Bag and Paper Company.—The next big consolidation effected was that of the Union Bag and Paper Company, which was incorporated under New Jersey laws on March 1, 1899, with a capital of \$27,000,000, divided into \$11,000,000 preferred and \$16,000,000 common stock.

The first officers of this company were: L. G. Fisher, president; Charles A. Dean, first vice-president; N. G. Pierce, second vice-president, and Frank Washburn, secretary and treasurer.

In order to give a correct outline sketch of the history of the Union Bag and Paper Company it is necessary to go a little further back of the incorporation of the company under the laws of New Jersey.

In 1869 there were eight concerns manufacturing paper bags in the United States, viz: Hollingsworth & Whitney, Boston; George West, Ballston Spa; Howlett & Onderdonk, Philadelphia; Smith, Dixon & Co., Baltimore; Chatfield & Woods, Cincinnati; Wheeler, Fisher & Co., Chicago; Samuel Cupples & Co., St. Louis; Blake, Moffit & Towne, San Francisco.

In that year a combination of the above-mentioned concerns was made and a central company formed called the Union Paper Bag Machine Company, with headquarters in Philadelphia. Each of the eight manufacturers took their pro rata stock in this central company, and each was represented by one director. The territory was divided and each ran its business to suit it, subject only to prices as agreed upon by the association from time to time. Each paid 4 cents per thousand royalty into the central company, the duties of which were only to buy and fight patents. This organization is in existence to-day, and is the oldest one in the United States.

In 1875 Wheeler, Fisher & Co. was incorporated in Illinois under the name of the Union Bag and Paper Company, with a capital stock of \$500,000.

In 1891 or thereabouts the Union bought out all the bag interests of Blake, Moffit & Towne, of San Francisco, who had licenses from the central company for the Pacific coast, and about that time united its interests with Howland & Co., of Sandy Hill, N. Y., large paper makers.

In 1893, increasing its stock to \$2,000,000, it bought out the bag business of Hollingsworth & Whitney, of Boston; Smith, Dixon & Co., of Baltimore, and Chatfield & Woods, of Cincinnati.

As Howland & Onderdonk were meanwhile absorbed by George West, there were only two of the original eight in the field. But before 1899 two other companies had

been formed, had obtained patents, and had grown into active competition, and prices were thoroughly demoralized.

In March, 1899, the Union Bag and Paper Company of New Jersey was organized with \$27,000,000 capital. This company bought out all interests of the old Union Company, and also the bag and paper interests of Samuel Cupples & Co., George West, the Consolidated Paper Bag Company, of Plantsville, Conn., and the Western Paper Bag Company, of Batavia, Ill.

This new organization started with 18 paper mills, 9 bag factories, ground-wood mills, water power, etc., and some 400 patents, but no woodlands to speak of.

As showing the extent of the business taken over by the Union Bag and Paper Company of New Jersey, the facts are that in 1871 the old association made 371,000,000 bags, and in 1899, 3,250,000,000. Adding the output of the two outside companies amalgamated that year the total number of bags made by the Union Bag and Paper Company in 1900 was, roughly, 4,000,000,000.

At the start the company bought most of its sulphite and all its pulp wood. To-day it has large timber holdings in the Adirondacks, and over 2,500 square miles of timber limits in Canada, with modern saw mills, sulphite and ground-wood mills. It makes all its raw material and has a large surplus for sale.

Of the original eight manufacturers and their partners, the only survivors are Samuel Cupples, of St. Louis; Howlett & Onderdonk, Philadelphia; Mr. Towne, of San Francisco; Isaac Dixon, of Smith, Dixon & Co., and L. G. Fisher, of Chicago.

Of the original officers of the present Union Bag and Paper Company only the president is still on the force.

The natural increase in the consumption of paper bags is estimated at 10 per cent yearly. The object of the management of the company has been from the start to provide it with water powers and abundance of raw material, and up-to-date mills to handle same, to the end that competition during a long term of years could be met successfully.

American Writing Paper Company.—On June 30, 1899, the American Writing Paper Company was incorporated, under the laws of New Jersey, with a capital of \$25,000,000, half common and half preferred stock. Bonds to the amount of \$17,000,000 were also issued.

The first officers of the company were: Elisha Morgan, president; Bradley D. Rising, George C. Gill, and Henry S. Dickinson, vice-presidents; W. N. Caldwell, general manager; George B. Holbrook, treasurer; William H. Heywood, assistant treasurer, and R. F. McElwain, secretary. In all, 32 mills were taken over, 25 in Massachusetts, 3 in Connecticut, 1 in Michigan, 2 in Ohio, and 1 in Wisconsin. The total daily capacity of all the mills was given as 590,500 pounds.

The mills absorbed, with the location of each, follow:

Holyoke Mills: Albion Paper Company, Beebe & Holbrook Company, Crocker Manufacturing Company, Geo. R. Dickinson Paper Company, Holyoke Paper Company, Massachusetts Paper Company, Nonotuck Paper Company, Eleleck Paper Company, Norman Paper Company, Parsons Paper Company, Riverside Paper Company, Linden Paper Company, Geo. C. Gill Paper Company.

Other Massachusetts mills: Chester Paper Company, Huntington; Hurlburt Paper Manufacturing Company, South Lee; Springdale Paper Company, Westfield; Agawam Paper Company, Mittineague; Eaton, May & Robbins Company, Lee; Baird Paper Company, Lee; Hurlburt Stationery Company, Pittsfield.

Connecticut: Oakland Paper Company, Manchester; Platner & Porter Paper Manufacturing Company, Unionville; Windsor Paper Company, Windsor Locks.

Michigan: Syms & Dudley Paper Company, Watervliet.

Ohio: Harding Paper Company, Franklin.

Wisconsin: Shattuck & Babcock Company, De Pere.

The United States Envelope Company.—The United States Envelope Company was incorporated under Maine laws in July, 1899, with a capital of \$5,000,000—\$4,000,000 preferred and \$1,000,000 common stock.

The first officers of the company were: President, Charles H. Hutchins; vice-presidents, Joseph Logan, Elisha Morgan, and William H. Prescott; treasurer, Robert W. Day; assistant treasurer, Fred Plimpton, and secretary, Walter G. Morse.

The following is the list of envelope concerns absorbed: White, Corbin & Co., Rockville, Conn.; Logan, Swift & Brigham Envelope Company, Worcester, Mass.; Morgan Envelope Company, Springfield, Mass.; Whitcomb Envelope Company, Worcester, Mass.; Plimpton Manufacturing Company, Hartford, Conn.; P. F. Kellogg & Co., Springfield, Mass.; Holyoke Envelope Company, Holyoke, Mass.; National Envelope Company, Milwaukee Wis.; W. H. Hill Envelope Company, Worcester, Mass.; Springfield Envelope Company, Springfield, Mass.

The capacity of the different companies was over 20,000,000 envelopes per day.

Union Waxed and Parchment Paper Company.—The incorporation of the Union Waxed and Parchment Paper Company took place in March, 1900. The company was capitalized at \$1,800,000—\$800,000 preferred stock and \$1,000,000 common stock.

The first officers of the company were: President Edward G. Sparks; vice-president, Leon F. Blanchard; treasurer, Frederick C. Blanchard; secretary, Frederick C. Beach, and general manager, Samuel Sparks.

The different plants taken over were: The American Pergament Company, Rock City Falls, N. Y.; Sparks Manufacturing Company, Hamburg, N. J.; Globe Mill, Elkhart, Ind., and another mill in Ohio.

The United Box Board and Paper Company.—The United Box Board and Paper Company was incorporated under the New Jersey laws July 24, 1902, with a capital of \$28,965,400, of which \$14,946,900 was preferred stock and \$14,018,500 common stock.

The first officers were: President, James A. Roberts; first vice-president, R. F. Newcomb; second vice-president, Charles D. Brown; treasurer, Eugene M. Ashley; secretary, W. C. Staley; general manager, Augustus H. Ivins.

The mills taken over were: American Straw Board Company (17 plants); Consumear Paper Company, Muncie, Ind.; Ohio Straw Board Company, Urbana, Ohio; Indiana Pulp and Paper Company, Marion, Ind.; Oswego Falls Pulp and Paper Company, Fulton, N. Y.; Peoria Straw Board Company, Peoria, Ill.; Bogota Paper Company, Bogota, N. J.; Bonfield Paper Company, Waldron, Ill.; H. C. & H. J. Davis Company, Danville, N. H.; Derby Paper Mills, Shelton, Conn.; Enterprise Straw Board Company, Honcove Falls, N. Y.; McEwan Brothers Company, Whippany, N. J.; Mitchell Paper Company, Lawrence, Mass.; New England Board and Paper Company, Milton, N. H.; Paragon Paper Company, Eaton, Ind.; J. A. Shutts, Penn Yan, N. Y.; Somerset and Kennebec Company (two plants), Benton Falls, Me., and Fairfield, Me.; Southern Straw Board Company, Rockport, Ind.; Stony Brook Paper Company, Whippany, N. J.; Thomson Pulp and Paper Company, Schuylerville, N. Y.; Traders Paper Company, Lockport, N. Y.; Tytus-Gardner Paper Manufacturing Company, Middletown, Ohio; Uncas Paper Company, Norwich, Conn.; Utility Paper Company, Mount Carmel, Ill.; Vincennes Paper Company, Vincennes, Ind.; Wabash Paper Company, Wabash, Ind.; West Muncie Straw Board Company, Yorktown, Ind.; Hartland Paper Mill, Middleport, N. Y.

The total output of the mills was stated as 1,359 tons of box board, ground wood, sulphite, soda pulp, etc.

Mr. NORRIS. Also "The General Paper Company," on page 156.

The CHAIRMAN. What is the name of that book?

Mr. NORRIS. This publication is February 6, 1908; it is incidental to the annual meeting of the American Paper and Pulp Association.

Mr. SIMS. Do we still have a General Paper Company doing business?

Mr. NORRIS. This is the story of the General Paper Company, the creation of the company, the mills which entered it, and the number of them, 26, with a total output of 800 tons of paper daily, the election of officers, and what happened after the dissolution of the General Paper Company. It says [reads]:

After the dissolution of the General Paper Company the firm of John A. Davis & Co. was formed, composed of John A. Davis, the former general manager, and Messrs. Allen and McEnery. The last-named gentleman bought out Mr. Davis about a year ago and formed the firm of Allen, McEnery & Co.

Following is the article referred to:

THE GENERAL PAPER COMPANY—IT WAS ORGANIZED IN JUNE, 1900, TO ACT AS A SELLING AGENCY FOR TWENTY-SIX WESTERN MILLS—THE COMPANY WAS FORCED BY THE GOVERNMENT TO DISSOLVE IN 1906.

[From our regular correspondent.]

CHICAGO, ILL., February 3, 1908.

This company began business July 1, 1900, and was organized in June of that year. It was organized to hold the exclusive sale of the entire product in news, hanging, novel, box-lining, fiber, and manila papers made by the following mills:

The three mills of the Kimberly & Clark Company at Kimberly, Neenah, and Quinnesec, Wis.; Atlas Paper Company, Appleby, Wis.; Combined Locks Paper

Company, Combined Locks, Wis.; C. W. Howard Company, Menasha, Wis.; John Edwards Manufacturing Company, Port Edwards, Wis.; Nekoosa Paper Company, Nekoosa, Wis.; Centralia Pulp and Water Power Company, Centralia, Wis.; Grand Rapids Pulp and Paper Company, Grand Rapids, Wis.; Wisconsin River Paper and Pulp Company, Menasha, Wis.; Wausau Paper Mills Company, Brokaw, Wis.; Tomahawk Pulp and Paper Company, Tomahawk, Wis.; Dells Paper and Pulp Company, Eau Claire, Wis.; Falls Manufacturing Company, Oconto Falls, Wis.; Hennepin Paper Company, Little Falls, Minn.; Itasca Paper Company, Grand Rapids, Minn.; Northwest Paper Company, Cloquet, Minn.; Petoskey Fiber Paper Company, Petoskey, Mich.; Riverside Fiber and Paper Company, Appleton, Wis.; Wolf Paper and Fiber Company, Shawano, Wis.; Menasha Paper Company, Menasha and Lady Smith, Wis.; Flambeau Paper Company, Park Falls, Wis.; Rhinelander Paper Company, Rhinelander, Wis.; Consolidated Water Power and Paper Company, Grand Rapids, Wis.

These 26 mills had a total output of 800 tons of paper daily, and the prices made necessarily through the General Paper Company were uniform for all mills, though the company declared that it was a selling agency only, which was undoubtedly true, yet the uniformity of prices followed as long as the mills remained members of the company.

J. A. Kimberly was president of the company; George A. Whiting vice-president. Later E. A. Edmunds held this office. W. Z. Stuart was second vice-president and general manager, in the latter position succeeding H. M. French, now of St. Louis, who was the first general manager. Lewis M. Alexander, now with the John Edwards Manufacturing Company, Port Edwards, Wis., and other mills in that vicinity, was secretary and treasurer. In 1904 John A. Davis, of New York City, was made general manager, and to a certain extent his firm, that of John A. Davis & Co., was the successor of the General Paper Company after its dissolution in 1906.

The purpose of the company, as before stated, was to act as a selling agency for the mills which composed it in order to lessen the cost of marketing the product; but late in 1904 the Government, through the Attorney-General's office, got around to the investigation of the paper business and alighted upon the General Paper Company as a violator of the Sherman antitrust law. Two suits were filed—one against the Minnesota mills connected with the company and another against the Wisconsin mills. Without going into the details of the litigation, the General Paper Company lost, and on May 10, 1906, a final decision was rendered ordering the dissolution of the company.

This was the final chapter. No appeal was taken, partly because the Government had a strong prima facie case and perhaps partly because the mills, in the light of the unfavorable comment occasioned by the case among the people, were willing to return to the old basis of doing business.

Since the dissolution of the General Paper Company the business of the various mills named above has been divided up through various channels, some of them maintaining Chicago sales offices and others sending their representatives here from week to week to take orders and look after their interests.

After the dissolution of the General Paper Company the firm of John A. Davis & Co. was formed, composed of John A. Davis, the former general manager, and Messrs. Allen and McEnery. The last-named gentleman bought out Mr. Davis about a year ago and formed the firm of Allen, McEnery & Co.

The CHAIRMAN. They are the paper dealers now located in Chicago?

Mr. NORRIS. Yes, sir.

Mr. SIMS. Now, is John A. Davis & Co., H. G. Craig & Co.?

Mr. NORRIS. Mr. Davis came East and organized, through H. G. Craig, a company, or gathered together the product of a number of mills which before had been more or less independent, and which, by reason of their independence and lack of any control, had prevented any raise in news-print paper prices.

The CHAIRMAN. Do you not think it would be a good idea for this committee to go to Chicago and take the testimony of Allen, McEnery & Co., J. W. Butler Company, W. A. Fowler & Co., and anybody else there who has been handling paper as jobbers and wholesale dealers?

The CHAIRMAN. Nearly all of the references in the West have been in reference to these people.

Mr. BANNON. Mr. Norris means why go to Chicago when we can go to New York.

Mr. SIMS. Can we not get information from these gentlemen without going there?

Mr. NORRIS. Yes; of course.

The CHAIRMAN. No; it is not so easy. You might probably not get the right men; you would not have the books here.

Mr. NORRIS. The trip to Chicago takes time, and time is the essence of this investigation.

The CHAIRMAN. A trip to Chicago takes twenty-four hours or a little less. Leave here at 3 o'clock in the afternoon and you are in Chicago at 9 o'clock in the morning.

Mr. BANNON. How quick can you go to New York?

Mr. SIMS. Five hours.

The CHAIRMAN. That is pretty near the same, and think of what you would get at the other end; it is very much nicer. What I wanted to get was whether it might not be a good thing to get the testimony of these people. I do not know anything about these men except as we formed an impression from your testimony here.

Mr. NORRIS. I vehemently object to anything which takes time away from here.

The CHAIRMAN. Very well.

Mr. NORRIS. Also I refer to an article on page 163: "Quotations on wood, rough and rossed."

Mr. STAFFORD. Do I understand you are going to insert these various articles in the record?

Mr. NORRIS. Yes, sir.

Mr. SIMS. I would like Mr. Norris to explain, for the benefit of myself and others, what "rossed" means.

Mr. NORRIS. Rossed is different from peeled wood.

The CHAIRMAN. Wood with the rough bark off.

Mr. NORRIS. In the paper trade, before they can use the wood, it comes to them with the bark on. Frequently in the woods they peel it—that is, take the bark off—which makes it more easily handled, and then it can be put on railroad cars, and it takes up less space and is therefore more cheaply loaded. That is, they save about 25 per cent in space, and a cord of peeled wood will yield much more mechanically ground wood than the rough wood. There would be no economy in putting in railroad cars much rough wood, and so some of the companies have established peeling or rossing or preparing plants at the ends of drives, so that they can get the benefit of this economy in transportation, especially where they ship by rail.

When it is done in the woods they usually peel it, and the peeled wood is the kind that is used most in the sulphite process, although—I am talking now of spruce; there is considerable hemlock also, very considerable—but where they want the wood for mechanical ground wood, where it is not subjected to the action of chemicals and there is no way of taking the dirt, which we get around knots and branches, they put the logs, they cut them in 4-foot lengths and then in 2-foot lengths and put them against a barker, which takes all of the outer surface off and all this dirt which would accumulate around the knots or branches, and leaves a fine piece of white wood, so that when it is ground, when its face is put against the grindstone to make the mechanical ground pulp wood, that it shall be clean and not need any special preparation. The paper, therefore, is cleaner and makes

a higher grade of paper than they could otherwise obtain, and there is economy in "rossing" it to that extent.

The CHAIRMAN. As I understand, rossed wood and peeled wood do not mean the same thing.

Mr. NORRIS. Not quite the same thing.

The CHAIRMAN. Which is the more perfect process, the rossing or the peeling?

Mr. NORRIS. The rossing is the more perfect, because it takes more than the mere bark; it bites in some distance and practically cleans off all of it, and the peeled wood is usually—so I understand from the paper men—peeled in the camp, when the trees are cut, or when they are driven, and it is quite a different process than rossing. I mean it is liable to all sorts of bother, accumulating dirt or other things of that sort. Where they take it and put it in the sulphite digester, the liquids there, the acids, are able to take care of it as they do of the resinous matters which are in the wood between these fibers of the wood; take all of them out, draining it off and leaving only the fibers of the wood, the long, silken skein or string arrangement in the digester, and it is the sulphite which gives the body and character to the paper.

Mr. SIMS. Is hemlock also used, as well as spruce?

Mr. NORRIS. Hemlock is used very considerably in the sulphite process. The figures which I will give you presently in connection with the wood consumption will show the relative quantity of spruce and of hemlock used in the year, and the small proportions of poplar, balsam—

The CHAIRMAN. Does your experience, by the way, your study of this subject, teach you whether such woods as hemlock and spruce are used more because they have the long fiber and are better, or more because they are not better for other purposes?

Following is the article referred to:

QUOTATIONS ON WOOD, ROUGH AND ROSSED.

Prices on rossed pulp wood delivered at Maine points on wharf range from \$9.50 to \$11 a cord, while rough wood in 4-foot lengths f. o. b. cars at shipping points in Maine, New Hampshire, and Vermont command \$6.50 a cord. In Quebec quotations run from \$7.50 a cord for rough wood to \$9.50 for rossed f. o. b. on cars at shipping points.

Mr. NORRIS. I have not the slightest information on that point. I call attention next to an article on page 165, "The story of the Wisconsin mills," which will be especially interesting to Mr. Stafford.

The CHAIRMAN. He does not come from Wisconsin; he comes from Milwaukee.

Mr. STAFFORD. Coming from Milwaukee, I am a complete stranger to the paper industry and am very glad to have you direct my attention to anything that pertains to Wisconsin mills.

Following is the article referred to:

THE STORY OF THE WISCONSIN MILLS—THE INDUSTRY IN THAT SECTION HAS BEEN GREATLY DEVELOPED SINCE 1898—BESIDES NEW MILLS LARGE ADDITIONS HAVE BEEN MADE TO OLD ONES—FAILING WOOD SUPPLY OF PRIME IMPORTANCE.

[From our regular correspondent.]

APPLETON, WIS., February 1, 1908.

In writing a brief history of events that have taken place in the paper business in this district during the past ten years it is necessary to deal with tendencies as well

as particular circumstances, and, in fact, the tendencies are likely to prove fully as interesting as the particular circumstances. And along this line it may be stated that in a general way the paper manufacturing industry was fully established in the Fox and Wisconsin River valleys ten years ago, but that most of the detached mills in other localities in Wisconsin, Minnesota, and upper Michigan have been built since that time.

The Wisconsin River Valley mills are a later development than the Fox River mills. On the Wisconsin River the mills of the Wisconsin River Pulp and Paper Company, the Grand Rapids Pulp and Paper Company, the Nekoosa Paper Company, and others were built in the early nineties, and shortly afterwards were followed by the mills of the Wausau Paper Mills Company, the John Edwards Manufacturing Company, and the Plover Paper Company. Within the past few years the mills of the Consolidated Pulp and Water Power Company, the Grandfather Falls Company, and the Lindauer Pulp and Manufacturing Company were built.

In a general way and subject to an exception or two the mills detached from the Fox and Wisconsin River valleys have been built during the past ten years, such as the Rhineland Pulp and Paper Company, the Tomahawk Pulp and Paper Company, the Crivitz Pulp and Paper Company, the Falls Manufacturing Company, the Union Manufacturing Company, the Green Bay Paper and Fiber Company, the John Hoberg Company, the Northern Paper Mills Company, the paper mill of the Wolf River Paper and Fiber Company, the Anson-Eldred Company, the Munising Paper Company, the Watab Paper and Pulp Company, Northwest Paper Company, the Itasca Paper Company, and others.

There have been, of course, some notable changes and enlargements during the past ten years in mills previously established in the Fox and Wisconsin valleys. The Kimberly-Clark Company has greatly enlarged and improved its mill at Niagara, Wis., has rebuilt its mill at Kimberly, which burned in 1901, changing it from a print mill to a book mill, and in 1906 completely rebuilt its Badger mill at Neenah. During the same period the mill of the Wisconsin Tissue Paper Company was built, the paper mill of the Riverside Fiber Company was built, and the sulphite mill of the same company, which burned, was rebuilt. The mills of the Kimberly & Clark Company, the Telulah Paper Company and Atlas Paper Company were absorbed January 5, 1907, into the new Kimberly-Clark Company. The Winnebago Paper Mills at Neenah changed ownership in this period, being now known as the Bergstrom Paper Company, and the same is true of the C. W. Howard Company, which is now the Island Paper Company at Menasha, and a short time ago the Strange Paper Company, of Menasha, passed again into the hands of John Strange, who had originally established it, but subsequently retired from it. During the period under consideration also the C. S. Boyd Paper Company, of Kaukauna, has been established, and also the plant of the Appleton Coated Paper Company, which went into operation a few months ago. On the Wisconsin River the mills of the Consolidated Pulp and Water Power Company and the sulphite mill of the John Edwards Manufacturing Company have been built.

During this time also various mills have been partially or wholly destroyed by fire and rebuilt, such as the Neenah Paper Company in 1906, the Falls Manufacturing Company in 1901, and again a few weeks ago, the Flambeau Paper Company in about 1900, the Wisconsin River Pulp and Paper Company, two of the mills of the Marinette and Menominee Paper Company and others.

Prominent Manufacturers who have died in the last ten years are F. C. Shattuck, December 18, 1903; H. Babcock, April 19, 1906, and Alexander McNaughton and A. M. Gilbert last year.

Moving on from particulars to tendencies it may be said that even more significant changes have been wrought during the past ten years. In a general way they have come about by reason of the constant recession of the pulp-wood forests and the consequent increase in the price of this raw material. Ten years ago the majority of the mills on the Fox River made print paper either wholly or in part. Now there is but one mill, that of the Combined Locks Paper Company, which makes No. 2 print. The mills of the Patten Paper Company, at Appleton, and the Outagamie Paper Company, at Kaukauna, make a print paper, but it is of such high grade as to take it rather out of the distinctive print paper class. After print ceased to be made on the Fox River it continued to be made on the Wisconsin River, and the product of the mills there is just now undergoing the change which came some time ago to the mills on the Fox.

The tendency has been for the print mills to go onto book and the book mills to go onto writings. Some of these changes have been made without any great changes in the mills themselves, while in other cases the equipment of the mills has also undergone radical alterations necessary to suit it to the changed conditions. It would take too much space and not be particularly interesting to specify all these things. It is

sufficient to say that the Fox River mills no longer make print and the Wisconsin River mills will not, in all probability, make it very much longer. The manufacture of print has followed the pulp-wood forests, and print that used to be made on the Fox and Wisconsin is now being made by the detached mills in the woods.

In their predicament they are naturally turning their eyes toward the vast supplies in Canada. But it may truthfully be said that the prospect there is very uncertain. The Canadians themselves are in turmoil, and do not know what they want to do, and all sorts of legislation are being proposed. The homesteaders want to sell their wood to the United States, where they can get the best price for it, but so far as Ontario is concerned at least there is no disposition to permit the pulp wood on Crown lands to be exported. Quebec is in a somewhat different position. They have more wood and less money there, and are disposed to be somewhat less stringent in their prohibitions. But so far as the project of securing large timber supplies anywhere in Canada and shipping the wood to the United States is concerned, there is nothing in the present situation to encourage the hope that it can be done for a long time to come or to warrant the investment of large amounts of money in lands whose wood the Canadian government may not permit to be exported.

It would, of course, be possible for the manufacturers to secure Canadian concessions and remove their mills to Canada, manufacture the paper there and send it to the United States, paying the import duty, but that would not help the existing Wisconsin mills, and there is naturally a great reluctance to consider any such expedient. In their dilemma the manufacturers have no fixed plan in view. While their disposition is not exactly to trust to Providence to lead them, still they are hoping that the situation will in some way work itself out. It may be that some other raw material will be found, or that public opinion in Canada may so shape itself as to permit of getting pulp wood there in sufficient quantities. Fortunately there is still some leeway in the matter of time. It is not necessary to make a decision at once. While pulp wood supplies are going fast, they are not yet gone. Experience seems to show that when a great need develops, it is eventually in some way supplied. This is what the manufacturers are relying upon to help them out of their present difficulties and to provide for the future.

Within the past year Herbert Fleishhacker has retired from the active management of the business to become manager of the London, Paris, and American Bank, while Mortimer Fleishhacker decided to give practically all of his time to the management of his banking, electric power, and mining interests. The wholesale paper business, however, will go on as usual under its present name.

The Pacific Coast Paper Company, which is now one of the leading wholesale houses of the coast, was organized in 1904 as the Pacific coast connection of the Butler-Paper Company, of Chicago, and had gotten well under way on Battery street, near California, when everything was wiped out by the fire. The best that could be done for the following twelve months was to make headquarters away up Broadway, in Oakland, and handle most of the stock through railroad warehouses on both sides of the bay. A new building was started in a central location at 545-547 Mission street, in San Francisco, but an unusually wet and stormy spring prevented its being occupied until the summer of 1907. The pluck and ability of the management finally triumphed over all obstacles and the company is again skimming the cream off the business of the coast. F. M. Greenwood is president of the company and J. N. MacLafferty vice-president and manager. Thomas H. Doane, the secretary, is well known to many of the eastern mill men. The five-story Class C brick building was constructed to the company's order by the Greenwood estate. It is very substantially built to carry a large stock of paper. A ground site 42 by 160 feet is covered and the building has frontages on three streets, giving superior shipping facilities.

Ten years ago A. Zellerbach & Son were only one of a number of several moderate-sized wholesale paper houses in San Francisco, but since then their business, which was carried on for some years at 416-420 Sansome street, with a branch at 419 Sacramento street, has been increasing by leaps and bounds. On April 18, 1906, this concern had paper stored in twenty different warehouses about the city, the stock which it was necessary to carry having outgrown all of the places provided for it. The erection of a large building on the corner of Jackson and Battery streets had been planned, but not commenced. Fortunately for this firm, its offices and warehouse at 405 Jackson street were the only ones in the wholesale paper district that were spared by the flames, and some of the stock stored in outside warehouses escaped. With this stock to draw upon the company at once bought the Union Paper Company's store in Oakland as a temporary headquarters and placed large orders for the paper which would be needed at once to replace what was destroyed. Large shipments of paper were already on the way, and as fast as paper arrived it was delivered where it would do the most good. Later temporary San Francisco offices were opened at 416 Jackson street. Before the

ruins cooled the excavation for the foundation of the new building was being rushed and the fine six story and basement steel, timber, and buff brick structure was completed in record time. It was occupied during the summer of 1907. One of the largest stocks of paper in the United States is carried here. Branch houses are maintained in Oakland and Los Angeles.

The Zellerbach Paper Company's Oakland branch wholesale store is located at 338-340 Franklin street, near the corner of Seventh street. It is near the business center and not far from the railroad and steamship warehouses. F. C. Stratford is the Oakland manager. This is the only large modern paper warehouse on the Oakland side of San Francisco Bay, and with the great variety of stock to select from, it is not surprising that this business house, which was established in Oakland as an emergency measure immediately after the great fire, has grown into large proportions. The new permanent building was occupied during the summer of 1907, the Zellerbach Paper Company having taken a long lease.

The California Paper Company and Board Mills, James Brown, manager, with offices at 414 Montgomery street, San Francisco, brought its plant up to date during the year. Its new building, which was erected and occupied in 1907, is now in use, representing an investment of \$200,000 when equipped. A 120-inch board machine was installed in the fall and is in successful operation. It is driven by a special Corliss engine and electric power is available from a power transmission line in case of emergency. The building which is shown in the illustration was constructed at Antioch, Cal., in the most substantial manner, so as to carry great weights. The foundations are of reinforced concrete with sand-lime brick, basement-floor arches. The exterior walls of the superstructure are also of sand-lime brick, made in California.

The American Lynwood Company also has a plant at Antioch, adjoining the plant of the California Paper and Board Mills. By an ingenious arrangement of rollers the grain of any kind of wood is reproduced upon the surface of pasteboard of any thickness. This material has been used for wainscoting and a variety of other purposes in buildings erected in San Francisco since the fire.

Although many extensions of mills have been erected, the only complete paper-mill plant that has been constructed on the Pacific coast during the past decade is that of the Floriston Pulp and Paper Company, at Floriston, Cal. The personnel of the company is largely the same as that of the Crown-Columbia Paper Company, in which San Francisco capitalists are heavily interested. The Floriston mill was built in record time about five years ago and has been in successful operation since its completion. Water for the operation of its wheels is conducted from a mountain stream in a monster wooden stave pipe 9 feet in diameter. Wood-pulp wrapping paper is turned out in great quantities and there are also facilities for turning out as great a variety of paper as any mill on the coast. Both ground pulp and sulphite pulp are prepared and used at this plant from the wood of the white fir, which is abundant in the mountain regions along the Truckee River.

L. Schwabacher is general manager of the Crown-Columbia Pulp and Paper Company, as well as of the Floriston Pulp and Paper Company. The Crown Paper Company erected the second modern wood-pulp plant on the coast at Oregon City, Oreg., some years ago, that of the Willamette Pulp and Paper Company, located near by, having been the first. The Crown-Columbia Company is the name under which a consolidation with the paper mill at Camas, Wash., owned by F. W. Leadbetter and H. L. Patlock, of Portland, Oreg., was effected a few years ago. Both the Oregon City and the Camas plants have been enlarged and improved. Oil has been adopted as fuel and the production specialized. A great deal of news paper is turned out at Camas, and most of the wrappings at Oregon City. A sulphite plant of large capacity is being erected to increase the capacity at Camas and additional pulp grinders are being installed at Oregon City, where a tremendous amount of water power, derived from the 40-foot fall in the Willamette River, is available. Water transportation by sea enables this company to deliver its products cheaply in San Francisco. A large paper bag factory has been installed at Camas to take the place of the one that was burned in San Francisco.

The Willamette Pulp and Paper Company, backed by San Francisco capital, has a large modern wood-pulp plant at Oregon City, Oreg. It turns out a great deal of news, as well as a good deal of wrapping. Several of the leading newspapers of San Francisco, including the Examiner, use this company's paper. About three years ago a fine additional reinforced concrete machine room was added to the plant and a large Fourdrinier machine was installed. During 1907 a second machine of the same type was built and is now being installed.

In summing up the situation at San Francisco it may be said that the trade has completely recovered from the San Francisco fire. For the first six or eight months after the disaster the printing facilities of the city were immensely curtailed and a great deal of work was sent East or to other cities in this State. Toward the end of 1906 so many

printing offices had been opened that most of the business men were again able to get their work done at home. The demand for paper then became insatiable, and the dealers could not begin to keep up with their orders. The car shortage came on with the winter and orders for paper were often duplicated in the hope that they might be gotten in on better time by some other route. In some cases even a third order was placed.

During 1907 many additional printing offices were started, while business was rushing and money was plentiful.

Mr. NORRIS. Can I proceed to the next act of my tragedy?

The CHAIRMAN. If you please; did you finish with that one?

Mr. NORRIS. Yes, sir. The chairman asked me for some data on the daily product of various kinds of paper. I refer to the 1908 edition of Post's Paper Mill Directory, which I have before me, and which, in order to get into the record, I had better read now. It is copyrighted, 1906, by L. D. Post.

The CHAIRMAN. That is the 1906 edition?

Mr. NORRIS. No; this is the 1908. He copyrighted it in 1906.

The CHAIRMAN. I do not see how he could copyright a 1908 edition in 1906, do you?

Mr. NORRIS. The gentleman can do a great many things which I do not understand.

The CHAIRMAN. He does some remarkable things, because he has copyrighted his last edition of 1908, and theoretically has sent them to the Library of Congress, but actually they have not arrived.

Mr. NORRIS (reads):

Daily capacity of the paper and pulp mills of the United States and Canada.

PAPER.		
United States:		Tons.
Blotting.....		60
Boards.....		3, 163
Book.....		1, 843
Hanging.....		272
Manila, fiber, wrapping, etc.....		2, 527
News.....		3, 246
Roofing, sheathing, etc.....		592
Straw wrapping.....		247
Tissue.....		284
Writing.....		1, 398
Canada:		
Boards.....		268
Book.....		135
News.....		292
Roofing, etc.....		74
Wrapping, etc.....		97
Writing.....		47

PULP.		
United States:		
Ground wood.....		5, 441
Sulphite fiber.....		3, 139
Soda fiber.....		804
		<hr/> 9, 384

Estimated amount of wood to supply this capacity, 14,592 cords.

Canada:		
Ground wood.....		1, 316
Sulphite fiber.....		373
Soda fiber.....		48
		<hr/> 1, 737

Estimated amount of wood to supply this capacity, 2,692 cords.

Copyright, 1906, by L. D. Post.

Mr. SIMS. Daily?

Mr. NORRIS. Daily. I think that a very material question can be put opposite some of these figures, because the sulphite process in the United States is almost totally the mechanical-ground wood, and yet this man has it only 60 per cent of the pulp produced.

Mr. SIMS. What are those figures again, on ground pulp and sulphite pulp?

Mr. NORRIS. On ground wood 5,441, and on sulphite fiber 3,139, and on soda fiber—

The CHAIRMAN. That is per day?

Mr. NORRIS. Per day—and on soda fiber 804, whereas the census figures for 1906 show 1,100,000 on mechanical-ground wood, 1,900,000 on sulphite paper, and 500,000 on soda, which would indicate that the sulphite paper is far in excess of the ground, whereas in this formulation he has it only 60 per cent.

The CHAIRMAN. Does that purport to be the production or capacity?

Mr. NORRIS. Capacity. I submit it merely because it was the only thing of the kind that I had ever seen that bore upon that subject, in answer to the chairman's question.

The CHAIRMAN. It appears by the census of the Forest Service that in 1906 the mechanical pulp was 1,192,780 cords of wood; that is, it used that many cords of wood. The sulphite process used 1,958,619 cords of wood, and the soda process, 504,777 cords of wood.

Mr. NORRIS. That is my mistake then, because my impression is—what I have been told by the paper men—that a cord of wood will make 2,300 pounds—21 to 23 hundred pounds—of mechanical ground wood, while a cord of wood will make 1,200 pounds of sulphite, which would rather tend to establish the accuracy of those figures as to quantities reduced to pulp.

The CHAIRMAN. I had the same impression that you had.

Mr. NORRIS. Shall I proceed now to the wood's end of the story?

The CHAIRMAN. Have you something else that is short?

Mr. NORRIS. Must you go to the House?

The CHAIRMAN. Very soon.

Mr. NORRIS. I was going to start and show that upon the best data which I had been able to obtain the cut of wood for wood pulp during the year meant the stripping of 1,838 square miles of timber land every year, and the paper people say that the wood-pulp business, the paper business, and its stripping is an inconsiderable factor in the total stripping of the forests of the United States; in other words, $4\frac{1}{4}$ per cent. Now, I have not been able to carry that out with respect to the average production of each kind—

Mr. BANNON. The Census report says 3 per cent.

Mr. NORRIS (continuing). Of paper. I was taking a paper-trade publication, where it claims $4\frac{1}{4}$ per cent, but this is upon the assumption of 4 cords of spruce to 1 acre, and on that basis it would take 1,838 square miles for paper and products, and for the entire country, assuming that all the stripping was on the same ratio, the stripping for all sorts would be 42,744 square miles per annum.

The CHAIRMAN. That is all based upon 4 cords of wood to the acre?

Mr. NORRIS. That is it; yes. I say that is not fair, but the only authority I have that can be at all regarded as reliable is that on the 1,838 square miles, and that is based upon a statement of Mr. N. M.

Jones, the general manager of the Katahdin Pulp and Paper Company, whose statement I have here and which I will submit, if you care, in that connection.

The CHAIRMAN. We would be very glad to have any reliable information on that point, because I think there is not very much.

Mr. NORRIS. There is not very much.

The CHAIRMAN. I notice, for instance, in the tabulation that was recently made out purporting to give these figures, I think lumber takes 30 per cent of the timber that is used, and more than half of the timber that is used is credited to fuel. There is no timber to speak of that is used for fuel that is of any value for any purpose.

Mr. NORRIS. I went into that in 1902 to the extent of several trips to Washington and correspondence with numerous States, and I was amazed at the same disproportion on fuel. Most of it was credited to fuel and fire, the stripping of the forests, and the figure at that time was 50,000 square miles.

The CHAIRMAN. We have to go back to the House; we have a call; the buzzer has sounded.

(Thereupon, at 4.30 o'clock p. m., the committee adjourned until to-morrow, Tuesday, May 5, 1908, at 10 o'clock a. m.)

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SELECT COMMITTEE ON
PULP AND PAPER INVESTIGATION,
Tuesday, May 5, 1908.

Committee called to order at 10.20 a. m., Hon James R. Mann presiding.

STATEMENT OF MR. JOHN NORRIS, OF NEW YORK CITY—Cont'd.

The CHAIRMAN. The other day, when General Agnus was before the committee, I asked him if he would produce for the committee his contracts, or a statement showing the prices paid by him for paper. He said that he would endeavor to do so. I have the following letter from him dated Baltimore, May 4, 1908:

MY DEAR MR. MANN: At the hearing before your committee on Thursday last you asked me for my paper contracts since 1890. I gave you the contracts since 1904, but neglected to tell you that in that year our city was visited by a great conflagration which destroyed our building and all our records except our files, which were saved. You will, I feel sure, understand that this omission was entirely unintentional, but I want to be sure that it is clear to you and so I write this letter. The only reason I do not supply you with the contracts previous to 1904 is because they were burned up in the big fire.

In sending this explanation I wish to express also to you my appreciation of the courtesy which I received of you and your committee. Your consideration made the occasion a pleasure to me and I thank you and your colleagues most heartily for your kindness.

Hoping your inquiry may result in benefit to the country, and with great respect,
I am,

Very truly, yours,

(Signed) FELIX AGNUS.

The whole letter should go in, because the report of the Associated Press represented the General and myself as having a quarrel.

Mr. Norris, I was shown a telegram yesterday in reference to the investigation now going on in New York. Have you noticed anything in the papers in regard to it?

MR. NORRIS. Yes; there are announcements in the papers to-day and there had been on Saturday with respect to that inquiry. There is a report in the papers this morning, the New York papers, which differs slightly from the telegram which was sent last night. As I gather the facts, they are these: That the grand jury required Doctor Campbell, of the Dexter Sulphite Company, and Mr. Outtersson, of the De Grasse and Malone group of companies, which were members of the Fiber and Manila Association, to produce their books and papers relating to their dealings with that association, or rather with the Parks Pool, which was one of the names for the organization. They then stated that several months ago they had forwarded to Parks all of the papers in their possession relating to it, and did so at his request; that Parks has since gone to Europe, and they assume that he has taken the papers with him. However, when they were brought before Judge Lacombe, of the United States court, as I understand it

from the reports, they were given additional time to ascertain the whereabouts of the papers, and ascertain whether they had really been taken to Europe or whether they had been stored somewhere in this country, accessible to subpoena, and that they are now engaged in that work. It is proper that the committee should know these facts merely to show the embarrassments which newspapers are under in attempting to secure prompt relief through the agency of the machinery of the Department of Justice, not that any reflection is intended upon the Department, because that Department has encountered a delay of as much as two years in one case in merely securing the attendance of a necessary witness.

The CHAIRMAN. I have a telegram here which may be inserted at this point. You may read it, Mr. Norris.

Mr. NORRIS (reads):

NEW YORK, May 4, 1908.

HON. JOHN SHARP WILLIAMS,

House of Representatives, Washington, D. C.:

Federal Judge Lacombe this morning discharged the manila and fiber paper men. They were brought before the grand jury some time ago to produce their papers, which they claim to have given to Parks, who formed their pool. Parks went to Europe, took the papers with him, and they now claim they have done everything in their power to recover the papers. On this showing they were allowed to go free. What a farce. Our only hope is the Stevens bill.

(Signed)

HERMAN RIDDER.

The CHAIRMAN. I thought we would see something about this in the morning papers, and although I do not always have time to read them thoroughly, I did not see any reference to it.

Mr. NORRIS. I saw nothing in reference to it in the Washington papers.

Mr. SIMS. Neither did I, but the Washington papers are the only ones that I have seen.

Mr. NORRIS. I saw it in the New York papers this morning.

Mr. STAFFORD. Do you regard that as resulting in the failure of the Department of Justice to prosecute the manila and fiber paper trust?

Mr. NORRIS. Not as resulting in the failure, but in serious embarrassment and delay, because of the fact that as soon as intimation was given that the Department might proceed against the fiber and manila men Mr. Parks sent word to all of them to send every scrap of paper relating to it to him, but I have sent word to New York this morning that I doubted very much whether every scrap of paper had been sent, because I doubted if the International Paper Company or its selling agency, the Continental Bag and Paper Company, could so change their books; that if what appeared in the minutes of the Fiber and Manila Association, as we had reports, is correct, there must have been payments from the pool to the Continental Bag and Paper Company for the restriction of output by the International mills.

Mr. STAFFORD. This would not prevent the law officers from continuing their investigation as to the concerted action in raising prices or inquiring as to these meetings held in New York for the purpose of showing that agreement or combination existed to control the output and price?

Mr. NORRIS. Not at all; but it is extremely valuable as testimony in a successful prosecution of the suit, in fixing definitely certain facts with respect to the payments and allotments and considerations and arrangements and votes upon questions which this association was

passing upon; and it is important and interesting to us, because it shows that those mills could make news-print paper, and under ordinary conditions, if the news-print paper price had been the only one that had been artificially stimulated, these mills would have measurably helped to relieve the artificial scarcity, and the fact that they were in that organization interfered with it.

May I, at this time, call attention to General Agnus's contract, about which you read a letter? At page 235, in book No. 5, of the report of these proceedings of last Thursday morning there is a copy of the present contract of General Agnus.

The CHAIRMAN. That is the contract which covers the years 1906 and 1907?

Mr. NORRIS. That is right. There is a provision by which the paper companies take back the white waste of the newspaper at cost price. That provision differs—

The CHAIRMAN. I suppose it is this third provision [reads]:

The manufacturer agrees to purchase from the publisher, at \$1.97 per 100 pounds, such white waste and wrappers as shall come from the press room, from the paper delivered under this contract, such purchase to be made at Baltimore, provided that such waste is properly packed and no allowance shall be made for paper remaining on cores returned. The publishers can deduct this sum from any moneys due to the manufacturer by him hereunder. All damaged paper shall be kept for disposal of the manufacturer.

Now, what about it?

Mr. NORRIS. That contract differs from what is known as the standard form of contract in that the paper manufacturer agrees to take back ordinarily the white waste at 75 cents per 100 pounds; that is, three-quarters of a cent a pound. In many cases—and I talk especially of New York City, because I am familiar with that—the white waste is sold to junk men, waste men, at prices slightly above 75 cents, and running anywhere from 90 cents to \$1.10 per 100 pounds. It is about one-half of what the newspapers pay for the paper per pound, and the white waste will average from 2 to 2½ per cent of the total waste of paper sold; so that when you compare that form of contract for 1906 and 1907 with the later form of contract, you will find that in addition to the obvious raise of \$12 per ton there is substantially in that contract another raise of what nets about 1 to 1½ per cent, and in some cases 2 per cent. This point leads up to another point which the committee should be fully advised of, respecting the larger paper contracts.

The CHAIRMAN. Will you tell us first what white waste is?

Mr. NORRIS. White waste is the paper which is stripped from the roll before it is passed through the press, and it will run from 1½ to 2½ per cent, average, with a newspaper. Where ends of rolls have been knocked or broken, they must strip all of that torn edge off the roll in order that the web shall run through the press at its great speed without breaking the web.

The CHAIRMAN. Then it consists of the original print paper—

Mr. NORRIS. Without any ink on it; yes. It is what we call the white waste as distinguished from the print waste or dark waste, upon which ink has been put. The white waste has a value to paper men for various purposes. Some of it is taken by pad and tablet manufacturers to be made into pads. Some of it is sent to paper mills to be mixed with new stock for the manufacture of news-print paper or even cheaper grades of paper.

Now, following the point of difference between the contracts of the Baltimore American for 1906 and 1907 and that of 1908, there was a practice many years ago, prior to the creation of the International Paper Company, of payment on production—that is, the newspaper, instead of buying paper by the pound, bought upon the basis of so many pounds making so many thousand 8-page sheets, and that if the manufacturer increased the weight of the paper unduly he did it at his own cost, because if you increase the weight of paper 3 per cent, you increase the cost per sheet to that extent; and this production plan was devised to penalize the manufacturer and stop him from doing that.

On the other hand, if he should decrease the weight of the paper he would not get any benefit from it; that would go to the newspaper. It was intended to force him to keep to an average, and with a modern well-equipped mill, running on one order from January to December, the machines not stopping for one hundred and forty-four hours of the run—practically not stopping at all—there was very little opportunity for variations in weight, and if the law of average were applied to cover the period of a month, as was usually the case, there was no difficulty in keeping close to the average standard of weight. And so in numerous offices the production basis was established as the standard, and it was substantially the same—that is, it could be made entirely fair—for the paper maker as for the publisher, if that fact were considered in fixing the price of the paper.

Mr. STAFFORD. What is the method of accounting under that system?

Mr. NORRIS. Under that system the press register was the basis of payment; that is, the press registers were adjusted for showing the number of 8-page sheets run, and the standard would be—as, for instance, on the New York World, 114 pounds to the thousand 8-page sheets, and as many 8-page sheets as ran through, including the print waste, the paper manufacturer would be paid for.

Mr. STAFFORD. Where a machine is not employed throughout the entire year on one run is it difficult for the manufacturer to have the same weight of product continue in the making?

Mr. NORRIS. That is purely a theoretical question, as I will explain. That immediately following the creation of the International Paper Company all of the paper manufacturers agreed upon a standard basis of weight so that they would have a uniform weight for every newspaper, and that standard was a weight of 32 pounds for 500 sheets measuring 24 by 36.

The CHAIRMAN. But Mr. Stafford's question related to the practicability of carrying that out?

Mr. NORRIS. Certainly; if they all agreed that all of their papers should be brought to a uniform standard, the question of variations in weight would not enter, because all of them were to be supplied on absolutely the same standard of weight.

Mr. STAFFORD. My question went to the point whether the machine is so perfected in mechanism that they can adjust it to continuous results on certain weights of paper.

Mr. NORRIS. I gather from the paper makers that, applying the law of average, they can come practically at the point of the standard weight; that if they find they have been in the course of a week or so running a little heavy that they will adjust their run so as to keep

their average, at the uniform basis. And they watch that very carefully at the mills and at the offices of the selling agencies, much more so even than in the newspaper offices. There is a natural tendency in the mill to run a little heavy if not watched carefully, because an increase in the weight over standard increases the output of the mill to that extent and measurably reflects to the advantage of the mill superintendence.

Now, with some of the large contracts in recent years there has been a tendency to secretly break from that general understanding among paper makers, and to charge upon a lighter weight of paper; that is, to furnish a lighter weight of paper than the standard, and also to charge upon the production basis rather than upon the gross weight basis. Under the gross weight basis the newspaper pays for the roll as delivered in the press room, less an amount allowed for the weight of the core. If it be iron it is one weight per inch, and if it is a paper core another weight per inch; so that the newspaper pays for the wrapper, which amounts to about $2\frac{1}{2}$ per cent of the weight of the roll. It pays for all of the white paper which is left on the core, and it pays for the white waste, less the amount which it may be able to sell the white waste to the junk man for.

Mr. STAFFORD. The white paper left on the core is not considered as white waste?

Mr. NORRIS. It is to an extent. In New York we sell the white waste on the core to a man who strips it off the core, but does not pay us as much for that white waste as he receives for the white waste stripped from the roll.

Mr. STAFFORD. What can that white waste be used for?

Mr. NORRIS. I am not clear. I think it is cut, sent to paper mills, and mixed with new stock. It is a comparatively recent venture of a young man named Wemyss, down on Wall street.

The CHAIRMAN. How much paper is left on the core?

Mr. NORRIS. Well, it depends very much upon the pressmen or foreman of the press room.

The CHAIRMAN. It is good paper, is it?

Mr. NORRIS. It is good white paper, but when you get the roll down very close to the core the web begins to wobble on the press a little, and the press must be slackened in speed to prevent a break in the web; and for that reason in some newspaper offices they do not run the web down as closely to the core as in others. It is just a question of thrift or care in the utilization of the paper of the employer.

The CHAIRMAN. What is the core?

Mr. NORRIS. The core is usually an iron pipe; I think gas pipe.

The CHAIRMAN. Would not they save paper that way if they enlarged the core? It is a matter of rapidity of movement, I suppose?

Mr. NORRIS. That is not so important as other aspects of it. Some of them have made a larger core of paper. The point about the core is that in shipment they must pay the same rate per hundred pounds for the iron core as they pay for the white paper, and some paper mills started in twelve or fourteen years ago to make the core of paper in order that they might save money. I figured in 1901, as a result of the change from the production basis to the gross weight basis, that the price, the actual net cost, to the publisher had been increased \$1.60 per ton without an apparent increase in the price, and therefore you will discover in some of the large contracts that while the

price named may be what is apparently a fair figure considering the quantity of it that is open to the production basis, and if the waste is on a lower basis than that of the standard weight as it is in some of the larger contracts, it will materially affect the price actually paid by a newspaper, even to the extent of 15 cents a hundred pounds, or \$3 a ton.

Mr. STAFFORD. At whose instance was the plan changed from the production basis to the gross ton basis, and was the change universally adopted?

Mr. NORRIS. It was planned by a conference of the paper makers shortly after the creation of the International Paper Company in 1898; and those of us who had dealings with the paper companies thought that it was being universally applied, but we have discovered within the last two years that some of the companies had departed from that standard. I think it would be disclosed that that was probably a breach of faith between the paper makers; that while they were apparently maintaining one price they were making this concession so that it would not appear upon the surface.

Mr. STAFFORD. What companies, of which you have any information, departed from the standard weight?

Mr. NORRIS. The Great Northern Paper Company.

Mr. STAFFORD. Any others?

Mr. NORRIS. I do not recall any other just now; but I think there were others.

Mr. STAFFORD. What publishers did the Great Northern Company have contracts with where there was this variation?

Mr. NORRIS. With the New York Herald and the New York World.

The CHAIRMAN. Were those contracts made at the time the Great Northern Paper Company got the business of those papers away from the International Paper Company?

Mr. NORRIS. It did not get both papers. It took the New York Herald away from the International Paper Company. The World had been with it for years before that. But that contract at that time had that phase.

The CHAIRMAN. That was the time when the New York Times and the New York Herald switched?

Mr. NORRIS. That was substantially in January, 1905. That contract is still running.

Mr. STAFFORD. Is that practice still in vogue by that company?

Mr. NORRIS. I am informed and so believe.

Mr. STAFFORD. Do you know whether that is practiced by any other paper makers and other newspaper publishers in the country?

Mr. NORRIS. I doubt if it is incorporated in any of the recent contracts; that is, contracts as a result of what we allege to be the recent understandings.

Mr. STAFFORD. It would not be difficult of ascertainment, because you can readily examine the various papers to determine whether the sample paper conformed to the standard.

Mr. NORRIS. Not at all; you would have great difficulty in ascertaining it from the sample paper. The difference is so small that it would be hardly appreciable to many persons. I handle a great many papers, but I could not tell from the handling of the paper whether it was standard weight or not. The fact is that the place where the paper has been kept will materially affect its weight; that

is, if the paper has been kept in a humid, moist place it will absorb moisture and take on weight.

Mr. STAFFORD. That is, the same rule applies to paper as applies to sugar?

Mr. NORRIS. And dried apples. And if the paper should have been stored for a considerable time in a dry place it would be liable to lose some weight.

The CHAIRMAN. Upon these contracts what difference would that make? Might not the paper be the standard-weight paper furnished by the Great Northern to the New York World?

Mr. NORRIS. It is not; I know it is not.

The CHAIRMAN. It is not the standard paper?

Mr. NORRIS. It is not the standard weight.

The CHAIRMAN. Is it a lighter weight?

Mr. NORRIS. It is a lighter weight, and to an extent that it is a lighter weight—close to 2 per cent—it affects the price.

The CHAIRMAN. Well, the advantage to a publisher by getting a certain number of 8-page sheets out of a certain number of pounds is not based wholly upon the weight of paper, is it?

Mr. NORRIS. That is a factor.

The CHAIRMAN. I know, but is that the only factor under the old system to a publisher?

Mr. NORRIS. Anything is an advantage to the publisher that decreases the cost of each newspaper that he puts out. I may not clearly gather your question?

The CHAIRMAN. As I understood before, under the old system which the New York Times had, where they got 1,000 8-page sheets for 114 pounds of paper, in that case the paper manufacturer lost the waste, did he not?

Mr. NORRIS. In order that it may not appear inaccurately on the record, I will say that I am not aware that any testimony has been given here to the effect that the New York Times, within the period of my connection with it, had the production basis, because my connection with the Times—

The CHAIRMAN. I beg pardon, I understood you so.

Mr. NORRIS. My connection with the Times is subsequent to the adoption of the standard weight. I went with the Times in 1900, and the standard weight was adopted in 1898.

The CHAIRMAN. Well, I only used that as an instance.

Mr. NORRIS. The New York World had the production basis, and nearly all of the large papers of the country had it at that time.

The CHAIRMAN. Under the production basis, was the loss of waste and the core, and all that, upon the publisher or the manufacturer?

Mr. NORRIS. The manufacturer took that back; he disposed of the waste as best he could.

The CHAIRMAN. It was his loss so far as there was any loss?

Mr. NORRIS. If there was a loss, yes; but if he adjusted his price, as they did, so that they actually obtained a given net price f. o. b. at the mill for every pound that went out, and they could accurately do that because the law of average establishing the percentage which they would get back—if, for instance, they sent out 100 pounds of paper wrapped on the core, and if they obtained for that a net price for, say, 94 pounds of paper, they could mark off 6 per cent as the cost of wrappers and white waste and excess weight, so that it would have

been very easy, and was the basis which they practically adjusted themselves to; that whenever they wanted to get an established price f. o. b. at the mill they would add this given percentage—assumed 6—to that price as their charge to the newspaper to cover this production basis.

Mr. STAFFORD. Under the production basis, what do you estimate is the total amount of waste that the newspaper publisher does not use in a roll of paper, per ton?

Mr. NORRIS. Well, first, there is $2\frac{1}{2}$ per cent of wrapper; next, there is an average of about 2 per cent of white waste; next, there is a slight increase of weight—it varies in different establishments, but it varies largely upon the way in which the weighing is made, but with a property that carefully and intelligently watches its weight, I think that the excess weight would not ordinarily exceed 1 per cent.

Mr. STAFFORD. Do you include in the excess weight the core?

Mr. NORRIS. Oh, no. They allow for the weight of the core; that is deducted as tare from the gross weight.

Mr. STAFFORD. What is included in your designation “excess weight?”

Mr. NORRIS. Under the contract, the standard form of contract, which fixes the weight for 500 sheets, 24 by 36, at 32 pounds, there is a variation allowed of 2 pounds either way, which is substantially 6 per cent under; that is, 2 pounds on 32 pounds would be substantially 6 per cent. You will notice in the Agnus contract that it has a margin of only 1 pound in 32, or 3 per cent either way, so that if a mill is disposed to run up to 5 per cent excess weight under the standard form of contract there is no recourse for the newspaper in recovery. That would seem to be the first reading, though I believe that is an extreme proposition. We would not sit down and allow them to go to the extreme margin with all of our paper, and we would construe that to mean that no part of the paper could exceed that; and if any part, any considerable shipment, was running over weight, that we would ask a reduction for that particular part, but that the average ought to conform closely to the standard.

Mr. STAFFORD. In the practice of the large newspaper establishments, is their weight determined by the weight of the roll, or one sample of the allotment weighed to determine the weight; or what is the method to determine whether the paper furnished is standard weight or not?

Mr. NORRIS. It varies in many establishments. In some establishments they weigh, in others they expect the weighing company to weigh samples of the printed paper, making allowance for the addition of the ink that has been put on the paper. In other establishments they attempt to follow that by taking the press register and the weight of the wrappers and the weight of the white waste and the weight of the print waste, and in that way ascertaining how close they have come to the actual weight standard of the mill. The weight of the ink would make a difference of $1\frac{1}{2}$ per cent of the weight of the paper; that is, ordinarily ink will run 1.7 pounds to a thousand 8-page sheets.

The CHAIRMAN. I understood you to say a while ago that some paper, under the old system, had a contract by which they could get a thousand 8-page sheets of a certain size for 114 pounds.

Mr. NORRIS. That is right. That would be the standard ordinarily of the New York World. Our standard would be about 112 pounds.

The CHAIRMAN. I understood you to say later that under the standard sheet it took 32 pounds to make 500 8-page sheets.

Mr. NORRIS. Oh, no, 24 by 36; that is a standard in the paper trade for a sheet and these rolls have been adjusted to that standard, which covers everything. The standard in the paper trade is a sheet 24 by 36, 2 feet by 3, and 500 sheets weighing 32 pounds. It is the result of the old idea of selling in reams.

The CHAIRMAN. Under the standard sheets, how many pounds does it take for a thousand sheets of 8 pages each?

Mr. NORRIS. Answering from recollection, 114 pounds for the size of the New York World, and 112 pounds for the size of the New York Times.

The CHAIRMAN. That is the standard sheet?

Mr. NORRIS. That is the standard weight.

The CHAIRMAN. So that there has been no special reduction in the weight by reason—

Mr. NORRIS. There has been a reduction on special contracts.

The CHAIRMAN. I understand; but not in a general way. In the papers you speak of there was no reduction in weight?

Mr. NORRIS. No; though most publishers would regard it as a material concession in price to obtain a slight reduction in the weight, provided the paper was strong and would go through the presses properly.

The CHAIRMAN. That is very manifest; that is the reason I wished to ascertain that fact.

Mr. NORRIS. It might be wise for the committee to visit some newspaper office to see this process—still I do not know that it would be very helpful.

The CHAIRMAN. I think it would be a very good thing for the committee to visit a large office.

Mr. NORRIS. That would give you a very accurate idea of these phases of the proposition.

Another phase of this Agnus contract and of these underweights which impresses one is the secrecy of the whole business. I do not speak for anyone but myself, but I think that all—

The CHAIRMAN. Excuse me one moment. Mr. McCormick, do you wish to testify this morning?

Mr. McCORMICK. I will be back at any time. I have no testimony other than the offering of two contracts of the International Paper Company. I have not been able to find the intermediary contracts, but I imagine I will before I am through.

The CHAIRMAN. Which contract have you produced, Mr. McCormick?

Mr. McCORMICK. Two with the International Paper Company, one of date of May 10, 1899, and the other January 14, 1905.

The CHAIRMAN. The last one, that of January 14, 1905, is the one that you are—

Mr. McCORMICK. That is the one we are living under now. There was one contract with Perkins, Goodwin & Co. between those two that I have not been able to lay my hands on. The mass of stuff is so great that I suppose somebody has overlooked it in the office.

The CHAIRMAN. Do you believe that you would be able to get that one?

Mr. McCORMICK. I have already written to Chicago and have telegraphed them, asking them to send me everything. I imagine that that old stuff was buried away somewhere, and they have overlooked it. But if we have it you shall have it.

The CHAIRMAN. Those contracts just referred to may be put in the record.

Following are the contracts referred to:

Agreement made this fourteenth day of January, nineteen hundred and five (1905), between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and The Tribune Company, of the city of Chicago, Ill., hereinafter called the purchaser, party of the second part. Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First.—The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of The Chicago Tribune and other publications of the purchaser, published in the city of Chicago, Ill., their entire supply, estimated at sixty thousand (60,000) tons, of paper during the period from February 1, 1905, to January 31, 1910, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz, 35½ x 46½—128/1000 widths of rolls to be as required, and shall be delivered by the manufacturer to the purchaser on sidewalk in front of pressroom, Chicago, Ill.

Second.—The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement from February 1, 1905, to January 31, 1906, two dollars and five cents (\$2.05) per hundred pounds (without reference to a production basis), actual gross weight of the rolls or bundles, including paper, wrapper, and twine. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash (New York exchange or its equivalent) on the tenth day of each month for all paper delivered during the preceding month, less one and one-half per centum (1½ per cent).

Cores shall be charged at the market price and credited at the invoice price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser and if subsequently returned shall be credited upon the next settlement.

The price for all paper delivered under this contract from February first, nineteen hundred and six, to January thirty-first, nineteen hundred and seven, shall be two dollars and ten cents (\$2.10) per hundred pounds, less one and one-half per centum (1½ per cent).

For all paper furnished and delivered under this agreement between the first day of February, nineteen hundred and seven, and the thirty-first day of January, nineteen hundred and eight, the purchaser agrees to pay the market price on December first, nineteen hundred and six, for like print paper sold to consumers in like quantity and under same conditions; and in like manner for paper furnished and delivered between February first, nineteen hundred and eight, and January thirty-first, nineteen hundred and nine, the market price for such paper on December first, nineteen hundred and seven; and in like manner for paper furnished and delivered between February first, nineteen hundred and nine, and January thirty-first, nineteen hundred and ten, the market price for such paper December first, nineteen hundred and eight.

The market price shall be agreed upon by the parties hereto between the first and the fifteenth days of December in each of the three respective years, and should the parties be unable mutually to agree upon such market price, each shall select an arbitrator to agree thereon, and if the arbitrators fail to agree, the arbitrators shall appoint a third party, whose decision shall be final. If the market price is not agreed upon before February first, the contract price for the preceding year shall continue for paper thereafter delivered until such price is fixed, and any balance due either party by reason of a change in price for paper furnished and delivered after February first of each year shall be ascertained and paid as soon as possible after the new contract price is fixed.

It is understood and agreed, that the price for the last three years under this agreement shall not be less than one dollar and ninety-seven cents (\$1.97) per one hundred pounds, nor more than two dollars and seventeen cents (\$2.17) per one hundred pounds, market conditions to the contrary notwithstanding.

The pink paper required by the purchaser shall be furnished by the manufacturer at the price of two dollars and fifty cents (\$2.50) per hundred pounds for the entire period covered by this agreement less a discount of one and one-half per centum (1½ per cent).

Third.—The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged, and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth.—In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability.

Fifth.—In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may at its option, cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure. This contract shall commence on the first day of February, 1905, and shall terminate on the thirty-first day of January, 1910.

In witness hereof the parties hereto have hereunto set their hands and seals, at the city of New York, the day and year first above written.

C. H. HOLMES.

INTERNATIONAL PAPER COMPANY,
HUGH J. CHISHOLM, *President*.

J. L. FEARING.

THE TRIBUNE COMPANY,
MEDILL McCORMICK, *Treas.*

CHICAGO, June 17, 1905.

INTERNATIONAL PAPER COMPANY,
30 Broad Street, New York.

GENTLEMEN: Referring to contract between the International Paper Company and the Tribune Company, dated January 14, 1905, we herewith confirm our verbal understanding to the effect that the price for all paper delivered under above contract, between February 1, 1906, and January 31, 1907, shall be \$2.05 per 100 pounds, less 1½ per cent. It is specifically stated in the contract that price shall be higher than this figure, but at our request you have agreed to the reduction.

This letter is written and executed in duplicate and is made a part of the contract between us, dated January 14, 1905.

Yours, very truly,

THE TRIBUNE COMPANY,
By MEDILL McCORMICK,
Publisher and Treasurer.

Accepted,

INTERNATIONAL PAPER COMPANY,
TOM T. WALLIS, *Second Vice-President.*

NEW YORK, December 1, 1906.

TRIBUNE COMPANY, Chicago, Ill.

GENTLEMEN: Pursuant to the terms of contract between your company and our company, dated January 14, 1905, the price for paper to be delivered from February 1, 1907, to January 31, 1908, is fixed at \$2.05 per 100 pounds.

It is furthermore agreed that the price for all halftone paper delivered during such period shall be \$2.15 per 100 pounds.

It is furthermore agreed that the price for all pink paper delivered during the same period shall be \$2.25.

It is also agreed that if there should be a general increase of freight rates between the mills of the International Paper Company and Chicago, at any time during the period covered by this memorandum, the Tribune Company will assume such increase, providing, however, the other customers of the International Paper Company in Chicago pay a similar increase.

This letter is written and executed in duplicate.

Yours, very truly,

Accepted.

INTERNATIONAL PAPER COMPANY,
TOM T. WALLIS, *Second Vice-President.*

TRIBUNE COMPANY,
By MEDILL McCORMICK.

CHICAGO, December 12, 1905.

The TRIBUNE COMPANY, *Chicago,*
MEDILL McCORMICK, Esq., *Publisher.*

GENTLEMEN: Under contract of the 14th of January, 1905, between the Tribune Company and the International Paper Company, it was agreed that the price for paper delivered to the Tribune between February 1, 1906, and February 1, 1907, should be \$2.10 per 100 pounds, less 1½ per cent.

Under date of June 17, 1905, the International Paper Company, at your request, made a reduction in this figure, fixing the price for the period mentioned at \$2.05 per 100 pounds, less 1½ per cent.

After carefully considering matters, the International Paper Company hereby voluntarily agrees to charge the Tribune Company, beginning with deliveries of January 1, 1906, and thereafter, until further notice, at the rate of \$2 per hundredweight, less 1½ per cent. The International Paper Company makes this reduction without prejudice to its contract with the Tribune Company, and reserves the right to withdraw this concession at any time during the period covered by same.

This letter is written and executed in duplicate.

Yours, very truly,

Accepted.

INTERNATIONAL PAPER COMPANY,
TOM T. WALLIS, *Second Vice-President.*

THE TRIBUNE COMPANY,
By MEDILL McCORMICK.

NEW YORK, December 27, 1907.

TRIBUNE COMPANY, *Chicago.*

GENTLEMEN: Referring to contract between your company and our company, dated January 14, 1905, it is hereby mutually agreed that the price for paper furnished from February 1, 1908, to January 31, 1909, shall be \$2.20 per hundredweight.

It is furthermore agreed that the price for half-tone paper furnished during the same period shall be \$2.50 per hundredweight.

It is also agreed that the price for pink paper furnished during the same period shall be \$2.50 per hundredweight.

It is understood that the discount of 1½ per cent mentioned in the contract above referred to shall apply to all payments.

This agreement is written and executed in duplicate.

INTERNATIONAL PAPER COMPANY,
TOM T. WALLIS, *Second Vice-President.*

TRIBUNE COMPANY,
MEDILL McCORMICK, *Vice-President.*

Agreement made this 10th day of May, 1899, by and between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the paper company, party of the first part, and The Tribune Company, a corporation organized under the laws of the State of Illinois, party of the second part, *witnesseth:*

That now therefore the parties hereto, in consideration of the premises and of the mutual promises and agreements of each other, and the sum of one dollar (\$1.00), and other good and valuable consideration, each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First.—The paper company hereby agrees to sell and furnish the party of the second part, and the party of the second part hereby agrees to purchase and take from the paper company its entire consumption of print paper used in the publications of The Tribune Company of Illinois for a period of five (5) years from January 1st, 1900, to January 1st, 1905.

It is the intent and purpose of this contract that the paper to be furnished hereunder shall be an-all wood sheet, the paper to be equally satisfactory to that now being furnished by the paper company to the party of the second part from their Montague mills. The paper company is to be given ample opportunity of making various lots of an all-wood paper to demonstrate its ability to furnish a satisfactory article of that quality. Should the paper company, however, be unable to satisfy the party of the second part with such deliveries, after having had reasonable and ample time in making such efforts, then the party of the second part has the right to call for a paper made by the Montague mills of the paper company, the quality of which shall be the same as is now being furnished by the paper company to the party of the second part.

At any reasonable time, say sixty (60) days, after the party of the second part has requested the Montague mills paper under this contract, the paper company shall have the right to make further deliveries toward furnishing a satisfactory paper from their other mills, and when such deliveries from other mills than the Montague mills have been pronounced satisfactory by the party of the second part, deliveries of that quality shall continue until the close of this contract, January 1, 1905.

Should the mills of the paper company furnishing the party of the second part become disabled, or from any other cause be unable to deliver the supply of paper to the party of the second part, then the paper company shall have the right and privilege to make the paper at any of its other mills. In such an emergency, should the ingredients be the same as are used by the Montague mills then the same price and payment of division of freight rate shall prevail as for the paper manufactured at the Montague mills.

Second.—The party of the second part hereby agrees to pay the paper company for all paper furnished under this contract from the Montague mills the price of one dollar and eighty-three cents (\$1.83) per hundred pounds, exclusive of wrappers, and an additional price which shall be equal to one-half the difference between the freight from the mills of the paper company known at the Otis Falls mills, located at Chisholm, Me., to Chicago, Ill., and from the mills of the paper company located at Turners Falls, Mass., to Chicago, Ill., which one-half difference in freight is at the present time four and a half cents per hundred pounds, making the price for the paper from the Montague mills under the above rates of freight one dollar and eighty-three cents per hundred pounds, exclusive of wrappers, and an additional freight rate of four and a half cents per hundred pounds.

Settlements to be made the middle day and the last day of each month, or not later than the tenth of the month, for the consumption of the previous month, for which a discount will be allowed of one and one-half per cent from one dollar and eighty-three cents per hundred pounds, but this cash discount not to apply to the additional charge of freight rate applicable to the Montague mills shipments. The paper shall be delivered at the sidewalk elevator of the party of the second part, or such other entrance as may be designated, without charge for transportation or drayage, and in such amounts as may from time to time be ordered.

The paper is to be equal in weight to that being furnished at present, viz, 35½ x 46½, 129 lbs. per thousand eight-page sheets. The paper company shall be allowed a margin of two pounds either way in making the paper under this contract, that is to say, the paper may run a hundred and twenty-seven (127) pounds per thousand eight-page papers, or one hundred and thirty-one (131) pounds per thousand eight-page papers, it being the intention of the paper company to have the paper as near the standard weight of one hundred and twenty-nine (129) pounds per thousand eight-page papers as it is possible in a modern and well-equipped paper mill.

The weight shall be determined by the press-room record of the party of the second part, which shows the weight of paper in each roll available for printing and the number of eight-page sheets produced from it. Due diligence and care shall be exercised by the party of the second part in handling the paper after its receipt and in running off the paper down to the cores. All white waste shall be taken away by the paper company at the invoice price.

Third.—If at any time during the life of this contract the paper company shall contract for the same grades of paper mentioned herein, under like conditions of quan-

ties and settlements, at lower prices, freight rates considered, such lower prices shall at once apply to this contract. Should such lower prices thus applied to other contracts terminate before this contract, then at such time the original prices on this contract shall again take effect and continue until the close thereof.

Fourth.—It is also agreed that if the paper company shall fail in any respect to carry out this contract to the satisfaction of the party of the second part, after due notice has been given to the paper company by the party of the second part of their dissatisfaction, and after reasonable time has been given by the party of the second part to the paper company to remove the cause of dissatisfaction and has failed, the party of the second part expressly reserves the right—and the paper company hereto assents to such right—to cancel this contract on sixty (60) days' written notice to the said paper company.

Fifth.—It is further agreed by the paper company that they will keep a stock of paper for the Montague party of the second part in the city of Chicago, varying in quantity between a two weeks' and a four weeks' supply as may be required from time to time by the party of the second part.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

INTERNATIONAL PAPER COMPANY,
WM. F. DILLON, *Second Vice-President.* [SEAL]
THE TRIBUNE COMPANY,
[SEAL.]

Mr. McCORMICK. I have here the telegram that was sent out yesterday.

The CHAIRMAN. If you have the telegram that you sent to the various publishers, we will insert it in the record at this point.

Following is the telegram referred to:

WASHINGTON, D. C., May 4, 1908.

The special committee of the House of Representatives is ready to hear the testimony of individual publishers and you are therefore requested to appear before them as soon as possible, bringing with you all your contracts for news-print paper or copies thereof. As the committee will leave Washington Friday morning for the purpose of inspecting paper mills it is important that you should come here without delay. You will get an immediate hearing.

MEDILL McCORMICK.

The CHAIRMAN. You may proceed, Mr. Norris.

Mr. NORRIS. Shall I before proceeding with my wood story report additional telegrams received?

The CHAIRMAN. Just as you please.

Mr. NORRIS. I have tabulated those that came this morning.

Following is the table referred to:

State.	Location	Name of paper.	Date of expiration of contract.	Latest quotation.	Raise.	Present price.
Arkansas.....	Hot Springs.....	Daily News.....	.....	.....	\$5.20	\$51.50
Washington.....	Hoquiam.....	Grays Harbor Wash- ingtonian.	.....	.....	.....	75.00
California.....	Eureka.....	Herald.....	.....	.....	.....	72.00
Minnesota.....	Duluth.....	Miles Bunnell.....	Sept. 1, 1908	.....	9.20	47.60
West Virginia.....	Wheeling.....	Register.....	.....	\$52.00	9.20	50.20
Michigan.....	Detroit.....	Free Press.....	.....	.....	10.00	48.00
Ohio.....	Cincinnati.....	Commercial Tribune.....	.....	.....	9.00	50.00
Massachusetts.....	Boston.....	Traveler.....	Aug. 1, 1908	.....	.....	.....
Tennessee.....	Bristol.....	.....	.....	57.00	11.00	55.00
Massachusetts.....	Lawrence.....	.....	Jan. 1, 1909	.....	.....	.....
Minnesota.....	St. Paul.....	Dispatch.....	May 15, 1908	.....	8.90	47.50
Wisconsin.....	La Crosse.....	Chronicle.....	June, 1908	.....	9.50	51.50
Illinois.....	Galena.....	Gazette.....	.....	.....	.....	54.00
Missouri.....	St. Joseph.....	News-Press.....	June, 1909	.....	8.00	49.00
Maine.....	Portland.....	Evening Express.....	.....	.....	10.00	50.00
Ohio.....	Akron.....	Beacon Journal.....	.....	.....	.....	(5)
Illinois.....	Springfield.....	State Register.....	.....	47.00	7.50	48.00
Mississippi.....	Meridian.....	Morning Dispatch.....	.....	.....	8.00	54.00
Texas.....	Fort Worth.....	A. J. Sandsgard &.....	.....	.....	.....	.....

* F. o. b. mill.

* Canadian.

* Contracts in Texas.

(During the reading of the foregoing table the following colloquy took place:)

Mr. STAFFORD. Referring to those two Western papers, one in Washington and one in California, the ground of increase is not stated?

Mr. NORRIS. No, sir.

Mr. STAFFORD. Why I asked that question is because it is claimed that the so-called trust is not operated on the Pacific coast; that the Pacific coast mills are free from any trust arrangement.

Mr. NORRIS. We had a letter from Mr. McClatchy, of the Sacramento Bee, on that subject, with respect to the Willamette mill, and the Crown Columbia. Do you recall that letter?

Mr. STAFFORD. I do not at the time recall the latter, but I have in mind certain telegrams sent to Representative Hawley in which manufacturers claimed that they were not in the combination, and not directly concerned in this inquiry.

Mr. NORRIS. As a result of your special inquiry about the Pacific coast I read the McClatchy letter from Sacramento, giving his experience with Mr. Leadbetter, the Willamette Paper Company, and the Crown Columbia.

Mr. STAFFORD. Now that you refresh my memory, I recall it.

In those Canadian instances, even though the American newspaper publisher is paying for his paper at the Canadian mill, and paying in addition the tariff and freight charges, the Canadian paper maker declines to take one-half of the tariff off the price, if it shall be removed, whereas to-day the American publisher is paying the entire tariff. What assurance have we, if the tariff is taken off, that the Canadian manufacturer might not ask for the entire tariff?

Mr. NORRIS. Well, I do not think I care to answer that question at this time.

The CHAIRMAN. Mr. Norris, you have just put in some telegrams, and you put a large number in the record yesterday. A statement was made in the report of the Associated Press, that is a statement was sent out, that these telegrams show an increase of \$14 per ton in the price of print paper upon the renewal of contracts. Is that the way you figured it out?

Mr. NORRIS. That is not; and the first intimation I had of that was this morning when I saw that statement. That was inaccurate.

Shall I also submit these letters and telegrams?

The CHAIRMAN. Is there anything special in any of them?

Mr. NORRIS. I think that the letter from the Beacon Journal Company would interest Mr. Stafford especially.

I will read it. [Reads:]

THE BEACON JOURNAL COMPANY,
Akron, Ohio, May 2, 1908.

Mr. HERMAN RIDDER,
Pres't A. N. P. A., New York.

DEAR MR. RIDDER: Replying to your telegram communicated to me by my editor, in which you request me to go to Washington next week and give evidence before the Congressional session, you will permit me to say that I am perfectly willing to do so if I can aid the cause by that course. I am at present buying paper from the Booth Company, of Canada. I am able to pay the freight and tariff on the paper and procure it 20 cents a hundred cheaper than I got from any of the American mills whom I approached on the subject, and I have a contract with these people that in the event the duty is taken off, from the day the law becomes effective I am entitled to a rebate of 15 cents per hundred. At the time I made this contract I could get no quotations from any of the mills, and all the quotations I did receive were practically

the same. It seems to me that the fact that I hold a contract that entitles me to rebate is pretty good evidence of the fact that the publisher would receive at least some benefit by the immediate removal of duty on paper. I have just noticed an article in the American Economist in which this theory is very vigorously denied. If you think I can be of service to you, kindly advise me when I am wanted, and I will be there.

Yours, very truly,

THE BEACON JOURNAL CO.,
C. L. KNIGHT.

Mr. SIMS. He refers to 15 cents a hundred. Would that equal the whole tariff?

Mr. NORRIS. That is half of the tariff; that is splitting the tariff schedule.

Mr. MILLER. When was that contract made with the Canadian people?

Mr. NORRIS. He does not state when it was made.

Here is a statement implying that the St. Paul Dispatch was dealing with the General Paper Company—that is, that it received bids which were substantially from the General Paper Company. It is as follows [reads]:

ST. PAUL DISPATCH, May 2, 1908.

MR. HERMAN RIDDER,
Staats Zeitung, New York, N. Y.

DEAR SIR: We wired you to-day in reply to your message, inasmuch as it will be impossible for you to use the information to-day, and we could give a better description of the situation by letter.

Our two-year paper contract with the Cheboygan Paper Company, of Cheboygan, Mich., expires on May 15 next. The contract price was \$1.93 per hundred delivered in our stockroom. We have deducted cores, wraps, and white waste. At the time this contract was made, November 15, 1905, the Cheboygan Paper Company was apparently not connected with the trust, as it underbid the General Paper Company, who were at that time endeavoring to make two-year individual contracts on behalf of the mills it represented.

We have recently made a new contract with the Consolidated Water Power and Pulp Company, of Grand Rapids, Wis., for a period of one year, beginning May 15 next. The price delivered in our stock room is \$2.37½ net, less cores, no cash discount. We received three other bids for \$2.35, but the papers offered were so inferior in quality that we would not consider them. The increase per ton was \$8.90, or practically \$40,000 for a year's supply.

Neither Mr. Thompson or the writer will be able to be in Washington next week. We have an important lawsuit on our hands, as well as a typographical union contract to make. If you desire further information, do not hesitate to command us.

We are, very truly, yours,

THE DISPATCH PRINTING COMPANY,
—— ———, Business Manager.

The General Paper Company did continue formally in existence until May 14, 1906.

The Evening Express Publishing Company, of Portland, Me., writes a letter inclosing a confirmation of the telegram sent, as follows: [Reads:]

EVENING EXPRESS PUBLISHING COMPANY,
Portland, Me., May 2, 1908.

HERMAN RIDDER,
President American Newspaper Publishers' Association, New York.

DEAR SIR: We inclose confirmation of telegram sent you this morning.

Our present five years' agreement with the International Paper Company is the second one we have made. It contains a clause providing for the adjustment of the price in December of each year for the following year and a provision for an arbitration of price if we can not agree.

The price we paid in 1906 and 1907 was \$2. In the past we have considered the five years' agreement an advantage, as by making it we were able to obtain conces-

sions in the price, and our price was reduced at the time our first five-year agreement was made, in consideration of making the agreement.

The present price, \$2.50, is the highest we have paid since 1901.

In 1899 and 1900 we were paying \$1.88.

Yours, very truly,

EVENING EXPRESS PUBLISHING COMPANY,
WM. H. DOW, *Treasurer and Business Manager.*

[Telegram.]

MAY 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association, New York:

Our paper contract for five years expires December, 1911. Price adjustable December each year. Price 1907 was \$2; 1908, \$2.50.

EVENING EXPRESS.

The CHAIRMAN. You say they are now paying the highest price they have paid since 1901?

Mr. MILLER. Just prior to that they had been paying \$1.88.

The CHAIRMAN. I do not quite understand that. Paper has not been as high as that since 1901.

Mr. MILLER. But this is the highest price paid since 1901.

The CHAIRMAN. Mr. Norris, why do they say 1901?

Mr. NORRIS. I do not know. That would imply that in 1901 they had paid more, but it does not say so. In 1899 and 1900 they were \$1.88. It leaves it open to the implication that possibly in 1901 they were paying \$2.50 or more.

The CHAIRMAN. That is what I meant, and I was wondering whether it meant 1901 or 1891.

Mr. NORRIS. It says 1901. Of course he may mean 1891 but does not say so.

I also have a letter here from the Illinois State Register as follows [reads]:

ILLINOIS STATE REGISTER,
Springfield, Ill., May 2, 1908.

HERMAN RIDDER,

President American Newspaper Publishers' Association,

World Building, New York City.

DEAR SIR: In response to your request, received through the report of the Associated Press, will say that I think you have in your office all the information I have been able to give on the paper situation.

Making a short story, we will state that in 1896 we had a contract for print paper with the General Paper Company, which provided for roll print paper at \$2.10 f. o. b. Springfield. When the General Paper Company was dissolved this contract went into the hands of the mill at Grand Rapids, Wis.

We made a new contract with John A. Davis & Co., of Chicago, who were later succeeded by Allen, McEnery & Co., which contract has recently expired, at \$2.02½ f. o. b. Springfield. We have used this paper until recently.

We made inquiries for prices on paper in the latter months of the year 1907 when prices ranged from \$2.50 to \$2.62 f. o. b. Springfield. We have practically no contract now, but are buying on the open market and are paying \$2.40 net f. o. b. Springfield. We recently had an offer of \$2.35 f. o. b. Springfield.

All the paper we have used for the last two years has come from the Wisconsin mills, and the freight rate is about 16 cents per hundred, which should be deducted from all the prices quoted above to arrive at the price demanded at the mill.

I hardly see that I could be of any advantage in appearing before the committee, but, as you are aware, I made a trip to Washington last week, and am willing to go again at any time if it is necessary and lend any aid that I can to the committee, who have worked so strenuously in the interests of all the papers of the United States.

Yours, very truly,

THOMAS REES, *Manager.*

The CHAIRMAN. He refers to the year 1896. Was the General Paper Company in existence in 1896?

Mr. NORRIS. Not as such.

The CHAIRMAN. They are getting their paper now at \$2.40, and they say they have had an offer of \$2.35. I suppose that is upon a contract?

Mr. NORRIS. I do not know. He says he is not buying on contract, but in the open market.

The CHAIRMAN. But he says that he had had an offer of \$2.35.

Mr. NORRIS. That he recently had had an offer of \$2.35 f. o. b. Springfield.

The CHAIRMAN. I should assume that if he had no contract, and had an offer of \$2.35, that he would not continue to pay \$2.40; but there might be a difference in the paper, or something of that kind.

Mr. NORRIS. I think he is calculating on a reduction in price soon.

The CHAIRMAN. If it is \$2.40, with 16 cents off, that would be \$2.24 f. o. b. mill.

Mr. NORRIS. That is right; \$44.80 at the mill.

Mr. STAFFORD. Have you any acquaintance with the way the dealers and jobbers get their supplies so that they can quote to-day to a Springfield publisher a rate of \$2.35 f. o. b. Springfield?

Mr. NORRIS. I imagine they are in telephonic communication with the paper companies.

Mr. STAFFORD. In what way is paper furnished to the publishers by jobbers by purchase in the open market?

Mr. NORRIS. I have no means of knowing, but from the absorption and saturation of years I should say that no considerable part was sold on the open market; that many contracts are made with the jobbers by newspapers, and that an inconsiderable part only of the total consumption of news-print paper by newspapers or by job printers is supplied from the open market; that nearly all of them make contracts, and in view of the fact that one paper uses 300 tons or more a day you can readily see how that percentage of contracts may run up quickly.

Mr. STAFFORD. Do you know in the trade whether these jobbers are solely brokers, direct representatives of the mills, or whether they carry a supply or have a contract with the makers for a supply for a definite period at a certain price or at varying prices?

Mr. NORRIS. I think they do all of the things which you indicate; that they make contracts with given mills for a given supply of paper of given sizes, delivered to them in a given city, and that they also accumulate somewhat of stocks. That accumulation, I think, is almost entirely restricted, however, to flat paper for very small consumers. They put through contracts with smaller papers and for job printers on a small scale, and keep stocks of different sizes on hand for those people, but they very seldom keep stocks of roll paper themselves on hand for customers. I am talking entirely from impressions.

Mr. STAFFORD. But in some branches of the paper trade there are some men who are solely brokers that handle no stock at all and are the direct representatives of the mills?

The CHAIRMAN. They are the men you described as selling agents?

Mr. NORRIS. Oh, yes; there is H. G. Craig & Co. and the Manufacturers' Paper Company.

The CHAIRMAN. Of course they carry no stock from year to year.

Mr. NORRIS. I do not know. My impression is that they act for the mill upon a commission basis—that is, that the mill pays all of the expense, and these men get a given commission upon the amounts paid by the newspapers for its paper.

The CHAIRMAN. Well, then, he does not operate what is known as the wholesale paper store, or do anything of that kind. These letters or telegrams have referred here very often to the J. W. Butler Paper Company and Bradner Smith & Co., of Chicago—I think more often than to any other persons—as jobbers. I suppose there are quite a number of large jobbers in the country of that class?

Mr. NORRIS. No; there is Carpenter, and Graham, and Allen, McEnery & Co., and J. W. Butler & Co.—

The CHAIRMAN. Do you know whether Allen, McEnery & Co. have an establishment like the J. W. Butler Company, or whether they are merely selling agents?

Mr. NORRIS. I do not know. The only time that I have ever heard of them has been in connection with these reports from publishers, or letters indicating that Allen, McEnery & Co. had succeeded John A. Davis in the practical disposition of paper which formerly had been sent out by the General Paper Company.

The CHAIRMAN. Do you know anything about what used to be called—I do not know what it is called now—patent insides?

Mr. NORRIS. Well, I did gather some data relating to that in connection with a brief of the American Newspaper Publishers' Association to the Postal Commission, October 1, 1906, wherein I communicated with what are known as the "boiler plate" people, and the "patent inside" publishers, to ascertain the number of publications which they served, but the quantity of paper which they use I do not know.

I have the following telegrams and letters regarding the contract prices and increases which I will put in the record.

Following are the telegrams and letters referred to:

HOT SPRINGS, ARK., May 3, 1908.

HERMAN RIDDER,

President National Publishers' Association, New York:

Contract December 1, 1906, just expired. News cost under that contract \$2.31 hundred at mill. Best now offered \$2.57½ at mill. Advance of \$95.18 per car, or \$5.20 per ton.

J. L. WADLEY,
Daily News.

EUREKA, CAL., May 2, 1908.

HERMAN RIDDER,

Care Associated Press, New York:

Now paying \$3.60 per 100 pounds. Contract runs 20 more tons. Can not go to Washington.

A. K. STONE,
Manager Eureka Herald.

CHICAGO, ILL., May 4, 1908.

HERMAN RIDDER, *Care Staats-Zeitung, New York:*

Two seventy delivered. Expires July. Have no recent quotations.

THE GALENA GAZETTE.

BOSTON, MASS., May 4, 1908.

HERMAN RIDDER, *Staats-Zeitung, New York City*:

Our paper contract expires August 1; have no quotations for renewal yet. As indicated in previous telegram will go to Washington any time after Wednesday of this week if wanted.

J. H. FAHEY, *Boston Traveler*.

LAWRENCE, MASS., May 4, 1908.

HERMAN RIDDER, *New York Staats-Zeitung, New York*:

Expires January next. Quotations unsolicited as yet.

LAWRENCE TELEGRAM.

DETROIT, MICH., May 2, 1908.

HERMAN RIDDER,
Staats-Zeitung, New York City, N. Y.:

Previous contract price, \$1.90; present contract price, \$2.40. Have no quotations as yet for renewal of contract. Have had several inquiries from numerous sources as to expiration of contract, apparently for the purpose of leading us to believe that there will be competition.

DETROIT FREE PRESS,
T. J. BARRY, *General Manager*.

DULUTH, MINN., May 3, 1908.

HERMAN RIDDER, *New York*:

Contract expires September 1. Was paying \$1.92; now \$2.38. Just returned from Washington; will go again if I can be of material help.

MILES BUNNELL.

BRISTOL, TENN., May 4, 1908.

MR. HERMAN RIDDER,
President Newspaper Publishers' Association, Care Staats-Zeitung, New York.

Bought paper in November, 1906, at \$2.20, delivered; freight rate, 30 cents; no period contract since continuous increase in price. Last purchase was at \$2.75, delivered. Now quoted for July delivery, \$2.85; will gladly go to Washington if summoned; have one piece of inferential evidence as to combination, but of doubtful value.

THE HERALD-COURIER,
W. L. HALSTED, *Manager*.

HOQUIAM, WASH., May 2, 1908.

HERMAN RIDDER,
President A. P., New York:

Paying \$3.75. Trip too expensive. Paper farthest west.

GRAYS HARBOR WASHINGTONIAN.

WHEELING, W. VA., May 2, 1908.

HERMAN RIDDER,
President American Publishers' Association, New York City:

Made contract last fall for part of supply during 1908 at \$2.51 with Place & Co., brokers; had paid trust during 1907 \$2.05. Have since secured quotations as low as \$2.38. Purchased some at \$2.42½. Paid \$1.95 during 1906. Some of these quotations are outside of trust, but believe trust will make lower price than any of these other people. When attempt was made to make contract in 1908 with trust, best price quoted was \$2.60. Will go to Washington any time after Monday to testify.

CHARLES H. TANEY,
Wheeling Register.

THE MERIDIAN MORNING DISPATCH,
Meridian, Miss., May 1, 1908.

MR. HERMAN RIDDER,
New York, N. Y.

DEAR SIR: Replying to your telegram of even date, would say that our contract for paper expired December 31, 1907. We paid \$46 per ton under that contract; since then we have been compelled to pay \$54 for the same grade of paper. If summoned, and it is possible for me to do so, I will be pleased to appear in Washington to testify.

Yours, very truly,

J. W. OGDEN, *Manager The Morning Dispatch.*

ST. JOSEPH NEWS-PRESS,
St. Joseph, Mo., May 2, 1908.

MR. HERMAN RIDDER,
The Staats-Zeitung, New York City.

DEAR SIR: Your telegram over the Associated Press wires as to paper price at hand.

Our experience will not help much, I fear, before the committee. We have just closed a contract for our supply (1,200 tons) from June 1, 1908, to June 1, 1909, at \$2.45 f. o. b. St. Joseph. This was an increase of 7 cents per 100 over our contract of last year.

We have been getting paper from the same mill (the Itasca Paper Company, of Grand Rapids, Minn.) for five years. In 1903 the price was \$2.50. We succeeded in getting better figures each year until in the contract beginning June 1, 1906, we had a rate of \$2.05. The next year it was raised to \$2.38, and this year, as stated above, 7 cents more was added. Our price now is 5 cents less than it was five years ago.

This mill's product is of superior quality and is usually considered as being worth 5 cents per 100 more than standard print.

Of course if necessary I would be willing to go to Washington, but do not believe that my testimony would help our case before the committee.

Wishing you and the others who are making the fight good luck, I am,

Yours, very truly,

LOUIS T. GOLDING.

THE BURLINGTON FREE PRESS,
Burlington, Vt., May 2, 1908.

HERMAN RIDDER, Esq.,
New York.

DEAR SIR: It seems quite out of the question for the writer to go to Washington next week, and I can not feel that my presence there would be of any value. The Congressman from this district was here this week to attend our State convention, and I have every reason to believe that he will be with us.

As I wired last night, we paid \$1.94 net in the year 1906, and this year we had to pay \$2.60 net. As I did not say in the telegram, the rate for 1907 was \$2.09.

Yours, very truly,

FREE PRESS ASSOCIATION,
W. B. HOWE, *Manager.*

THE COMMERCIAL TRIBUNE,
Cincinnati, May 2, 1908.

MR. HERMAN RIDDER,
Business Manager The Staats-Zeitung, New York, N. Y.

MY DEAR SIR: The information desired by you from the Commercial Tribune has already been submitted. Briefly it is: Our contract with the International Paper Company expired last January. We entered into another contract for the year 1908 with J. W. Place & Co., bankers, of Wall street, who, we understand, are the owners of the Norwood Mill. We have not considered the renewal of this contract.

The price we are paying is \$50 per ton. The price furnished us by the International Paper Company was \$51 per ton. We had been paying \$2.05 per 100, or \$41 per ton; the raise, therefore, on the part of the International Paper Company was \$10 per ton. You have these facts over my signature.

Illness in my family would, I fear, prevent my attendance in Washington; but for this it would give me pleasure to appear before the committee. Should my daughter improve, I might be able to leave.

Very truly, yours,

E. O. ESHELEY.

LA CROSSE DAILY CHRONICLE,
La Crosse, Wis., May 2, 1908.

HERMAN RIDDER, Esq.,
New York.

MY DEAR SIR: Our print-paper contract for the year ending June, 1907, provided for the price of \$2.10 f. o. b. La Crosse. We changed mills the next year, and the contract for the year ending June, 1908, provided for the price of \$2.57½ f. o. b. La Crosse. We have recently renewed this contract with the same mill for the year ending June, 1909, at the \$2.57½ price f. o. b. La Crosse.

Very respectfully, yours,

THE CHRONICLE COMPANY,
By R. B. GELATT.

I have furnished a list of the people who have indicated their willingness to appear before the committee, and in addition to those named are W. L. Halstead, of the Herald-Courier, of Bristol, Tenn.; J. W. Ogden, of the Morning Dispatch, Meridian, Miss., and A. J. Sandsgard, of Fort Worth, Tex.

May I at this time call attention to a pamphlet just received, purporting to give the decision and order of the railroad commission of Wisconsin, wherein it appears, on page 3, there was a petition of the pulp and paper manufacturers of Wisconsin engaged in the manufacture of pulp and paper who applied for a change in freight rates, and this decision says:

The petition is directly participated in by about 37 firms or corporations engaged in the manufacture of pulp and paper and is signed for them by W. D. Hurlbut, their traffic manager.

THE CHAIRMAN. Is that the decision of the commission?

MR. NORRIS. Yes, sir. It was upon a complaint which alleged in substance that the rates charged for the transportation of logs and other forest products are higher when these raw materials are intended for the manufacture of pulp and paper than when they are manufactured into lumber and similar articles, and that this difference in the rates constitutes an unjust discrimination against the pulp and paper industry.

There was a reference yesterday to the Canadian prices. I have additional memoranda here of a Cleveland, Ohio, price of \$35.40 per ton at the Canadian mill.

THE CHAIRMAN. At what mill?

MR. NORRIS. J. B. Booth; and now raised to \$36.40. Also a price at Springfield, Ohio, by the Laurentide Company, of \$38.25 per ton at the mill; and that information on these matters appears in reappraisement circulars 1725 to 1729, Washington, December 16, 1907, and 1763 to 1766, Washington, February 17, 1908; that there was a Booth invoice put through March 10, 1908, No. 118, to the Houston (Texas) Chronicle, at \$36.

MR. STAFFORD. Can you give the date at which those prices were quoted?

MR. NORRIS. On October 13, 1907, the Cleveland price was quoted at \$35.40 and subsequently raised to \$36.40.

THE CHAIRMAN. It is almost 12 o'clock, and as I have a meeting at my committee room at noon, we will suspend until 2 o'clock.

At 11.45 a. m. a recess was taken until 2 p. m.

AFTERNOON SESSION.

Pursuant to recess, the committee reassembled at 2 o'clock p. m., Hon. James R. Mann (chairman), presiding.

The CHAIRMAN. Well, Mr. Norris, you may proceed.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. Shall I recur to the production basis, to give you a little more information on that?

The CHAIRMAN. If you please.

Mr. NORRIS. I find I had gone into that for the Industrial Commission in a way that made it somewhat clearer than possibly I stated it this morning. In a statement to the Industrial Commission on April 12, 1901, I said that [reads]:

For eighteen years there had been a steady downward tendency in the price of news-print paper, due to many causes, notably the substitution of wood for rags in making pulp, improvements in machinery and in methods of manufacture, increased consumption, and wholesale production under concentrated supervision, so that in the year 1897, news-print paper which had sold eighteen years previous for 9 cents per pound, or \$180 per ton, was sold, delivered in the newsrooms in New York City, at 1.60 cents per pound, or \$32 per ton, payment to be made on the basis that all weight in excess of a given standard—say, 114 pounds per 1,000 8-page sheets—should be at the expense of the manufacturer, and that the newspaper should also have the benefit of the deficiency in case the weight of the paper should fall below standard. All white waste was to be taken away by the manufacturer without charge of any kind to the publisher. Three weeks' supply of the paper was to be kept on storage in New York, at the expense of the manufacturer, and payment was to be made at an average of thirty days after use of paper. In making yearly contracts with publishers, many manufacturers obligated themselves to meet market prices, so that the newspaper publisher practically had a guarantee that his raw material should not cost him more than the market price. This practice prevailed to a greater extent in the Middle West than in the East, and in the year 1897 the price of news-print paper throughout the country—that is, for large dailies—averaged about 1.75 cents per pound, or \$35 per ton.

It is quite interesting to call attention to this, because it was at the time of the passage of the Dingley bill; I mean that price, and because the price was also indicated by Mr. Warner Miller in the hearing before the Ways and Means Committee at that time.

The CHAIRMAN. Are you able to tell us, Mr. Norris, by the way, the time when paper reached its lowest price?

Mr. NORRIS. In 1897 it was the lowest I ever knew. That was \$1.60 on a production basis, which would be substantially less than \$1.50 on the basis of gross weight which now prevails.

The CHAIRMAN. That was \$1.60 delivered at certain news rooms in New York City?

Mr. NORRIS. Yes. But it was being sold in other places, so I have understood, at that price at that time.

The CHAIRMAN. The statement that you just made there was that the average price in 1897 for the large dailies throughout the country was \$1.75 a hundred, or \$35 a ton?

Mr. NORRIS. That is right.

The CHAIRMAN. Now is that the lowest price that paper has ever reached, so far as you know?

Mr. NORRIS. What are you talking—the average price?

The CHAIRMAN. Yes.

Mr. NORRIS. You first asked me what was the lowest price, and I told you \$1.60 was the lowest I had known. Then you asked me about my statement of an average price, which is somewhat different.

The CHAIRMAN. Well, I understand; but I say, as to the statement that the price to the large dailies in 1897 averaged \$35 a ton, is that the lowest price that paper has ever reached for that class of business—on the average, I mean?

Mr. NORRIS. Well, it would be between \$33 and \$35.

The CHAIRMAN. Whatever the figures might be, the absolute figures, it was at that time that paper reached its lowest point?

Mr. NORRIS. Yes.

The CHAIRMAN. That is what I wanted to get at.

Mr. NORRIS. Yes; and it is lower in comparison to-day than seems evident, because then the payment was upon the production basis largely, rather than on the gross-weight basis, as it is to-day.

Continuing this memorandum (reads):

Competition between manufacturers became so intense that they frequently gave long credits to weak newspapers and carried the burdens of bankrupt concerns to the disadvantage of solvent ones. However, the competition had many advantages. It forced economies and improvements in manufactures, increased consumption, and promoted the spread of knowledge. Within the period of seven years the speed of paper-making machines was increased from 200 to 500 feet per minute. Their width was increased to 162 inches. Their capacity for running without stops was improved, and their output was further enhanced by enlargement of orders to such an extent that as many as five or six fast-running machines could be operated continuously day and night from January to December without stopping to change for variation in weight of paper, in width, color, quality, or surface. Pulp made in an adjoining mill would be pumped in a liquid state from the pulp mill to the paper mill, saving probably \$1 per ton upon manufacture in that one item. Numerous economies of a similar character were introduced. Rags were entirely discarded and sulphite pulp was substituted for rags in giving strength and fiber to the paper. The conversion of waterpower into electric power and its transmission by wire also contributed to cheapen the cost of manufacture. A complete revolution in method was made, and news-print paper was put upon the car at the mill at a cost of less than \$25 per ton. I may say that the cost was brought down to \$20 per ton, exclusive of the items of insurance and taxes and depreciation and interest on investment.

The CHAIRMAN. That statement you made April 12, 1901. Did you make a pretty careful estimate as to this cost? Was it an estimate, Mr. Norris, or was it in the nature of a guess?

Mr. NORRIS. No; it was based upon figures that gentlemen had made who were prospecting for new mills, and who were very free to talk about the then present cost of manufacture, and whose detailed compilations were apparently entirely conservative; and I can recall the fact, or I now note the fact, that the mill about which that was spoken has justified that statement.

The CHAIRMAN. Your statement at that time was that news-print paper was put upon the car at the mill at a cost of less than \$25 per ton. Did you mean by that at some particular mill, with all the latest improvements, or the general average cost per ton at different mills?

Mr. NORRIS. Oh, that was with respect to well-equipped modern mills, fairly well situated.

The CHAIRMAN. And you said then that the cost was brought down to \$20 per ton, exclusive of the items of insurance, taxes, depreciation, and interest on investment—that is, exclusive of fixed charges. Do you now think that that estimate of those items was correct? Have you had any occasion to change your mind at all since?

Mr. NORRIS. No, sir.

The CHAIRMAN. So that you still think that at that time, exclusive of the fixed charges, paper could be made in a modern mill at \$20 per ton?

Mr. NORRIS. Yes.

Mr. STAFFORD. At what price in that estimate did you estimate the cost of wood pulp and the cost of wood?

Mr. NORRIS. It is too far off now to recall those details. I mean I would not attempt anything of that sort at this time. At the time of the argument before the Ways and Means Committee in 1896, as I stated in the first day's hearing, I had assumed \$12 as the cost per ton of wood pulp as the maximum cost. We had had figures of \$9 and \$10 per ton.

The CHAIRMAN. Are you going any further on that?

Mr. NORRIS. Yes. [Continues reading:]

This reduction in the price of news-print paper and the use of the linotype machine cheapened the cost of producing newspapers and resulted in the enlargement of the size of daily and Sunday editions. It also resulted in the reduction of the retail price of newspapers and in an enormous increase of newspaper circulation, and in corresponding demands upon manufacturers for news-print paper. One publication that I have in mind increased in four years from a consumption of 13,000 tons per annum to 30,000 tons per annum. The stimulus given to news-print manufacture resulted in an increase of about 400 tons per day capacity during the year 1896. Pulp wood was then cut from the cheap timber lands of Canada and imported free of duty, the transportation to the American mills in many cases being entirely by water. At that time mechanically ground wood or wood pulp was subject to a duty of 10 per cent, the duty averaging \$1.20 per ton. The duty on news-print paper was 15 per cent, or \$3 per ton, but no news-print paper was imported.

That should be \$4 per ton instead of \$3 per ton.

The CHAIRMAN. That should be what?

Mr. NORRIS. It should be \$4. The idea was that paper was valued in Canada at that time at \$27 per ton for shipment. About that time there was complaint by the Canadian manufacturers of the Otis Falls Paper Mill, which Mr. Chisolm was then operating—Hugh J. Chisolm, the recent president of the International Paper Company—where they complained that he had sold paper in Canada at an appraisement of either \$24 or \$25 per ton, or rather at a valuation of it at that price.

The CHAIRMAN. Of course you remember, I suppose, that at the time of the hearings on what became the Dingley bill—

Mr. NORRIS. Yes—

The CHAIRMAN. The paper manufacturers claimed that there was no increase in the duty, it being changed from an ad valorem to a specific duty.

Mr. NORRIS. I did not so understand that, Mr. Mann, and I have read the proceedings of the Dingley committee in the last hour. What was said by Mr. Russell was that the price was about 2 cents; but Mr. Warner Miller, when asked specifically "What is the price of paper?" said: "I am almost afraid to mention it while Mr. Norris is in the room," and it was \$1.75—\$35 per ton—and that was the price in New York; but where a Canadian mill was to import the paper it did not give and was not assessed upon the New York price; it was assessed upon the price at which it sold at the mill in Canada.

Mr. STAFFORD. You refer to paper that was exported from this country?

The CHAIRMAN. Paper imported.

Mr. NORRIS. There was substantially no importation, but the paper which was being exported from Canada at that time was being valued at the mills for export close to \$27 per ton, which, if used in the United States, would have been on the basis of substantially \$4 per ton duty, and not the \$6 per ton which was fixed by the Dingley bill.

Mr. STAFFORD. In the instance you quoted, of the complaint made by the Canadian manufacturers against Mr. Chisolm, in which the valuation was on the basis of \$24 a ton——

Mr. NORRIS. \$24 or \$25——

Mr. STAFFORD. At what place was that valuation taken?

Mr. NORRIS. I assume that was at the Otis Falls mills; that the value was certified as the selling price at the mill.

The CHAIRMAN. You stated also that the ground wood pulp was subject to a duty of 10 per cent. That was under the Wilson law. The duty averaged \$1.20 per ton.

Mr. NORRIS. That is right.

The CHAIRMAN. My recollection is, but I am not sure about it, that I read in these hearings somewhere that the paper manufacturers, at the time when the Dingley tariff act was being made up, asked to have the duty changed from ad valorem to specific, and stated that the duty that was agreed upon finally, which was \$1.67 a ton, was the equivalent of the former ad valorem duty of 10 per cent.

Mr. NORRIS. There are two statements in those proceedings from the pulp people. One is signed by Mr. Chisolm and others, and one is from some dealers in New York.

The CHAIRMAN. I do not find the Chisolm statement.

Mr. NORRIS. It is after Warner Miller, I think, as you will find it. Did you find it, Mr. Mann?

The CHAIRMAN. I do not find the statement.

Mr. NORRIS. You will find the statement of the pulp importers or the pulp makers.

The CHAIRMAN. Well, never mind. I thought I had a memorandum made of that in here, to ascertain whether that was a correct statement or not.

Mr. NORRIS. I was present at that hearing, and I was not conscious of any such statement as that, which has been reiterated so often on the floor and by so many Congressmen that I was amazed at the currency it had obtained, especially in view of the fact that the price was then discussed and understood, and was substantially in the market at \$1.75—\$1.75 on a production basis; that is, equivalent to about \$33 upon a basis which others would make. That is one point as to which we will rely on this committee, after it has ascertained what was the price then, to report that that bill did actually increase the duty.

Mr. SIMS. Yes. The bill took it from a percentage to——

Mr. NORRIS. Changing from ad valorem to specific.

Mr. SIMS. Yes; from a percentage to a specific duty.

The CHAIRMAN. Have you ever examined, by the way, the history of the Dingley bill with reference to this particular schedule?

Mr. NORRIS. I did not know that there was a history. I think if it was ever written or printed it would be very interesting.

The CHAIRMAN. It has been both written and printed.

Mr. NORRIS. Where?

The CHAIRMAN. That is a legislative proposition. All bills are printed.

Mr. NORRIS. You mean the history of all the preliminaries of drafting, and so on?

The CHAIRMAN. No; I mean the official record of the bill as to this schedule.

Mr. NORRIS. Is it accessible?

The CHAIRMAN. Oh, yes; it is always accessible. With the penchant that I sometimes have for collecting stuff, I happened to have it all bound. It is probably the only place where it could be found all together. The hearings before the committee of the House were printed and bound. The proceedings of the conference committee were not bound or preserved.

Mr. SIMS. That is a very important hearing, after all.

The CHAIRMAN. I do not think this is what I had in mind, Mr. Norris, although it is possible that it is. I think I saw something else, that in the memorial filed by the representatives of the pulp and paper manufacturing interests before the Committee on Ways and Means, preliminary to the preparation of the Dingley bill, they say this—this is the Chisolm letter. [Reads:]

If we are to maintain this important manufacture in this country, the present tariff rate on paper, of 15 per cent ad valorem and one-twelfth of 1 cent per pound on ground, and one-sixth of a cent per pound on unbleached chemical pulp, and one-fourth of a cent per pound on bleached chemical pulp, must be maintained.

That seems to be all they were asking for at that time.

Mr. NORRIS. That is, they were asking for 15 per cent ad valorem and one-twelfth of a cent?

The CHAIRMAN. Oh, no; the 15 per cent is on paper, and the other on pulp.

Mr. NORRIS. There was a reference in the proceedings to the fact that the paper manufacturers and their delegation had filed a schedule with the committee.

The CHAIRMAN. Perhaps it would be of some interest to Mr. Sims and to Mr. Norris and Mr. Stafford, and for the record, to say that the Dingley bill, as it was prepared by the Committee on Ways and Means and introduced at the special session at the beginning of the Fifty-fifth Congress, contained this paragraph under Schedule M, paragraph 393—

Mr. NORRIS. Is that as it is now?

Mr. SIMS. No; as it was introduced.

The CHAIRMAN (reads):

Paragraph 393. Mechanically ground wood pulp, one-twelfth of 1 cent per pound, dry weight; chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight.

Paragraph 395. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, 15 per cent ad valorem.

As the bill passed the House on March 31, 1897, it contained the following [reads]:

Paragraph 390. Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight, chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight.

Paragraph 392. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per cent ad valorem.

Of course, that is as it was before.

Mr. SIMS. That is as it passed the House?

The CHAIRMAN. Yes; as it passed the House. As reported into the Senate on May 4, 1907, the bill provided [reads]:

Paragraph 390. Mechanically ground wood pulp, seven and one-half cents per hundred pounds, dry weight; chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight.

Mr. NORRIS. What is the other? Seven and one-half?

The CHAIRMAN. Yes; per 100 pounds. [Continues reading:]

Unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight: *Provided*, That if any country or dependency shall impose an export duty on pulp wood, the amount of such export duty shall be added, as an additional duty, to the duties herein imposed upon wood pulp, when imported from such country or dependency.

Paragraph 391½. Filter masee or filter stock, composed wholly or in part of wood pulp, wood flour, cotton, or other vegetable fiber, one and one-half cents per pound and fifteen per centum ad valorem.

Paragraph 392. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per centum ad valorem.

As passed by the Senate paragraph 390, relating to wood pulp, was the same as reported into the Senate. Paragraph 391½, relating to filter masee, was the same as reported into the Senate. Paragraph 392 was made to read [reads]:

Paragraph 392: Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per centum ad valorem: *Provided*, That no such paper shall pay a less rate of duty than three-tenths of one cent per pound.

The bill went into conference, and as reported from the conference committee and as it went into the law paragraph 390 above was renumbered as 392 and made to read as follows [reads]:

Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight; chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight: *Provided*, That if any country or dependency shall impose an export duty on pulp wood exported to the United States, the amount of such export duty shall be added as an additional duty to the duties herein imposed on wood pulp when imported from such country or dependency.

Paragraph 391½, as reported into the Senate, was reported as number 395 and agreed to in conference and passed the Senate. Paragraph 392 was renumbered as paragraph 396 and agreed to in conference as follows—that is, the way it is in the law now. [Reads:]

396. Printing paper, unsized, sized, or glued, suitable for books and newspapers, valued at not above two cents per pound, three-tenths of one cent per pound; valued above two cents and not above two and one-half cents per pound, four-tenths of one cent per pound; valued above two and one-half cents per pound and not above three cents per pound, five-tenths of one cent per pound; valued above three cents and not above four cents per pound, six-tenths of one cent per pound; valued above four cents and not above five cents per pound, eight-tenths of one cent per pound; valued above five cents per pound, fifteen per centum ad valorem: *Provided*, That if any country or dependency shall impose an export duty upon pulp wood exported to the United States, there shall be imposed upon printing paper when imported from such country or dependency, an additional duty of one-tenth of one cent per pound for each dollar of export duty per cord so imposed, and proportionately for fractions of a dollar of such export duty.

Mr. SIMS. That is the history?

The CHAIRMAN. Yes.

Mr. SIMS. It became a specific duty in conference, then?

The CHAIRMAN. Yes; and it was raised in conference. It is not chargeable to Brother Payne particularly, and I do not suppose he

paid any attention to that schedule. This statement I have here [indicating same] gives the rate under the tariff act of 1883, under the McKinley tariff act, and under the Wilson Act.

Mr. SIMS. It really went to conference simply as the Wilson bill at 15 per cent ad valorem. It was virtually not a repeal of the Wilson tariff bill.

The CHAIRMAN. As it went to conference there was no change from the Wilson bill, except that little provision that was not intended to be a change, but which happened to throw it into conference. That might all be put into the record.

Mr. SIMS. It is a mighty valuable contribution. It is the first time I have seen it.

The entire statement referred to follows:

The tariff act of March 3, 1883, contained under "Schedule M.:"

Paper, sized or glued, suitable only for printing paper, twenty per centum ad valorem.

Printing paper, unsized, used for books and newspapers exclusive, fifteen per centum ad valorem.

Pulp, dried, for paper-makers' use, ten per centum ad valorem.

The McKinley tariff act of October 1, 1890, contained under "Schedule M.:"

Mechanically ground wood pulp, two dollars and fifty cents per ton, dry weight; chemical wood pulp, unbleached, six dollars per ton, dry weight; bleached, seven dollars per ton, dry weight.

Printing paper, unsized, suitable only for books and newspapers, fifteen per centum ad valorem.

Printing paper, sized or glued, suitable only for books and newspapers, twenty per centum ad valorem.

The Wilson-Gorman tariff act of August 27, 1894, contained under "Schedule M.:"

Mechanically ground wood pulp and chemical wood pulp, unbleached or bleached, ten per centum ad valorem.

Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per centum ad valorem.

The Dingley tariff bill, as it was introduced into the House by Mr. Dingley on March 18, 1897, contained the following:

Paragraph 393. Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight; chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight.

Paragraph 395. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per centum ad valorem.

As the bill passed the House on March 31, 1897, it contained the following:

Paragraph 390. Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight; chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight.

Paragraph 392. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, fifteen per centum ad valorem.

As reported in the Senate on May 4, 1897, the bill provided:

Paragraph 390. Mechanically ground wood pulp, $7\frac{1}{2}$ cents per 100 pounds, dry weight; chemical wood pulp, unbleached, one-sixth of 1 cent per pound, dry weight; bleached, one-fourth of 1 cent per pound, dry weight; *Provided*, That if any country or dependency shall impose an export duty on wood pulp, the amount of such export duty shall be added, as an additional duty, to the duties herein imposed upon wood pulp when imported from such country or dependency.

Paragraph 391½. Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton, or other vegetable fiber, 1½ cents per pound and 15 per centum ad valorem.

Paragraph 392. Printing paper, unsized, sized, or glued, suitable only for books and newspapers, 15 per cent ad valorem.

As passed by the Senate, paragraph 390 same as reported into the Senate.

Paragraph 391½ same as reported into the Senate.

Paragraph 392: Printing paper, unsized, sized, or glued, suitable only for books and newspapers, 15 per cent ad valorem: *Provided*, That no such paper shall pay a less rate of duty than three-tenths of 1 cent per pound.

IN CONFERENCE.

Paragraph 390 (renumbered as paragraph 393), as agreed to in conference, was made to read as follows:

Mechanically ground wood pulp, one-twelfth of 1 cent per pound, dry weight; chemical wood pulp, unbleached, one-sixth of 1 cent per pound, dry weight; bleached, one-fourth of 1 cent per pound, dry weight: *Provided*, That if any country or dependency shall impose an export duty on pulp wood exported to the United States, the amount of such export duty shall be added as an additional duty to the duties herein imposed on wood pulp when imported from such country or dependency.

Paragraph 391½ (renumbered as 395) was agreed to in conference as it passed the Senate.

Paragraph 392 (renumbered as paragraph 396) and agreed to as follows:

396. Printing paper, unsized, sized or glued, suitable for books and newspapers, valued at not above two cents per pound, three-tenths of one cent per pound; valued above two cents and not above two and one-half cents per pound, four-tenths of one cent per pound; valued above two and one-half cents per pound and not above three cents per pound, five-tenths of one cent per pound; valued above three cents and not above four cents per pound, six-tenths of one cent per pound; valued above four cents and not above five cents per pound, eight-tenths of one cent per pound; valued above five cents per pound, fifteen per centum ad valorem: *Provided*, That if any country or dependency shall impose an export duty upon pulp wood exported to the United States, there shall be imposed upon printing paper when imported from such country or dependency, an additional duty of one-tenth of one cent per pound for each dollar of export duty per cord so imposed, and proportionately for fractions of a dollar of such export duty.

The CHAIRMAN. I have all those things, and I just wondered how that got in, after reading the hearings.

Mr. SIMS. I read the hearings on Sunday, and I could not understand why it was \$6 a ton.

Mr. NORRIS. But Mr. Russell had substantially indicated a desire for it, had he not, in his statement before the committee?

The CHAIRMAN. I will not say that he had, but I did not so get it from reading the report. My information from reading the report, which led to this inquiry, was that all they were asking was not to have the tariff reduced.

Mr. NORRIS. What I gleaned was that they had submitted a schedule and that that schedule--what that schedule provided for I do not know; but I appeared there merely to inform the committee that a combination of manufacturers was assuming to take the benefit of the protective tariff duty to organize the industry in such a way as to enable it to control and increase prices, and that it was then planning to raise the price of paper, news-print paper, to 2½ cents a pound;

that is, from \$35 to \$50 per ton; and you will note in the statement of Mr. Russell that he said in terms—

The CHAIRMAN. That it was not proposed to increase the price to 2½ cents—

Mr. NORRIS. That nothing could be further from the truth than that statement.

The CHAIRMAN. He did say at that time, however, that the price of paper was 2 cents.

Mr. NORRIS. He said on page 1760 with respect to my charge—the Norris charge—that the companies proposed to put up the price to 2½ cents—these words:

Nothing could be further from the truth, and there is no evidence whatever that any such thing is contemplated.

The CHAIRMAN. Where is that?

Mr. NORRIS. On page 1760.

The CHAIRMAN. Are you reading from the report?

Mr. NORRIS. I read from the book which you have, just one hour ago, and made the note. I have it marked opposite that particular extract:

Russell, page 1759, denied that any combination was to be formed which contemplated raising the price of paper.

The CHAIRMAN. That is right. He said:

I deny both that there is a combination formed, or practically formed, or that any combination, or any consideration of this matter by the paper manufacturers which contemplates raising the price of paper at all.

Mr. NORRIS. That establishes another finding that we want this committee to make to Congress, and that is that when the paper manufacturers appeared before the Ways and Means Committee on December 31, 1896, they misled and deceived Congress.

The CHAIRMAN. Here is the statement that I referred to, in connection with Mr. Russell, page 1760. That relates to the duty on wood pulp. Mr. Russell says [reads]:

We simply ask you to keep the duty on news paper where it is now, on book paper as well, and to put the duty on wood pulp in the specific form where it was under the McKinley law. We have not asked the McKinley rates, but we have made certain requests on the schedule we have sent in.

The CHAIRMAN. Do I understand you that in the statement you have filed you ask that the 10 per cent now provided by existing law shall be converted into an equivalent specific duty, substantially?

Mr. RUSSELL. It is practically that.

The CHAIRMAN. And not the rates provided in the act of 1890?

Mr. RUSSELL. No; the valuation of pulp now we contend is too low.

The CHAIRMAN. That is, the invoiced valuation of the pulp is below the market price?

Mr. RUSSELL. Below the average market price from the country from which it is shipped.

So his claim there seems to be that the change from the ad valorem duty of the Wilson Act to the specific duty of the Dingley Act was not intended to change the rate. I do not know how far his claim represented the claims generally, or how far it was correct. I remembered from reading this over—I had not read it over very lately—that it was something of that kind.

Mr. NORRIS. Nevertheless, it did affect the actual——

The CHAIRMAN. That is what we would like to have evidence on before we get through, as to what the value was of wood pulp at that time.

Mr. NORRIS. I am afraid that after the lapse of all these years we have not the facilities of access to the Treasury records that this committee has, and I think a mere request from you to the Treasury Department would bring out that information.

The CHAIRMAN. We have asked for that information.

Mr. NORRIS. From the Treasury Department?

The CHAIRMAN. From the Bureau of Statistics.

Mr. NORRIS. As to the value of mechanically ground wood imported in 1896?

The CHAIRMAN. As I remember, that was included in our request.

Mr. NORRIS. If not, it will be asked?

The CHAIRMAN. Yes. Of course there will be no way of getting the figures as to the mechanically ground wood pulp, as I understand, because I guess there was no distinction under the Wilson law; was there?

Mr. NORRIS. You mean where it was 10 per cent, they would not have any records which would show any valuations?

The CHAIRMAN. I doubt it. I doubt whether they would be kept separate.

Mr. NORRIS. Then how will you establish the point at this time?

Mr. SIMS. I was just going to ask if there was no wood pulp imported.

The CHAIRMAN. I do not know if it can be established by the Treasury records.

Mr. NORRIS. If you can not, I will not attempt to do so.

Mr. SIMS. As you remember now, Mr. Norris, was any mechanically ground wood pulp being imported prior to the Dingley bill?

The CHAIRMAN. Oh, yes; considerable quantities of both kinds were imported.

Mr. SIMS. That is what the query goes to, is it not?

The CHAIRMAN. Yes; but the difference in the value of wood pulp and sulphite pulp is so great; 400 tons of sulphite pulp imported might be 1 cent one year and 2 cents the next.

Mr. NORRIS. The mingling of the two would merely establish an average, and unless you had the quantity that was brought in of one kind you could not establish the quantity or value of the other.

Mr. SIMS. In the Treasury office, making returns of duties collected, is it not shown upon what weight or measurement it was made?

The CHAIRMAN. It would not be preserved that way.

Mr. SIMS. Would it not be shown that so many dollars' worth or so many tons of wood pulp were imported?

Mr. NORRIS. Of the original shipment.

The CHAIRMAN. If you had the original entries you could tell.

Mr. SIMS. And in that way you could tell whether it was mechanically ground or chemical.

Mr. NORRIS. That is true to-day with respect to the published records. I understand from Mr. Mann that there is a possibility of differentiating, but from the published records of wood pulp it is not

possible to differentiate the mechanically ground wood pulp from the chemical wood pulp, for that reason that if you take the total it will show you an average of \$29.16 a ton for all of the so-called wood pulp imported in 1906.

Mr. SIMS. But to collect the duty now, the duty being specific, it would not make any difference whether it was wood or the other—I mean the ground or the sulphite.

Mr. NORRIS. It would make a difference if you wanted to ascertain how much of either is imported. You can not do it from the published records.

Mr. SIMS. But when the duty was a percentage, did they not necessarily have to weigh it in order to know how much to collect?

Mr. NORRIS. They took it on statements made at the point of shipment.

Mr. SIMS. I was asking for information. I did not know how it was.

Mr. NORRIS. The paper manufacturers have insisted that the increase in the cost of manufacture was due to an increase in the cost of wood. A very considerable quantity of the wood used by the paper manufacturers, I think 50 per cent of that used in the East, has been obtained by paper makers from Canada; not quite 50 per cent, but there were about 780,000 cords of wood imported in 1907. I had the figures for eleven months. You will get that accurately, but it was about 780,000 cords. I have figures from Ottawa on the importations and values of the pulp wood exported from Canada into the United States, and those figures for the years 1905, 1906, and 1907 actually show a decrease in value for the year 1907 as compared with the year 1905.

The CHAIRMAN. You mean the total?

Mr. NORRIS. The cost per cord.

Mr. SIMS. That is certainly valuable information for us, if you have it.

Mr. NORRIS. Here are the figures. These figures come from Ottawa, and were printed in the Paper Mill of January 27, 1908, and were subsequently confirmed by my inquiry at Ottawa; and they also appear in the Toronto Globe. I have not the date on this publication. However, the figures for the year 1905 were as follows: 593,642 cords exported from Canada to the United States, valued at \$2,600,804.

The CHAIRMAN. What is that you say?

Mr. NORRIS. That in the year 1905 there were exported from Canada to the United States 593,642 cords, valued at \$2,600,804, which establishes an average per cord of \$4.38.

The CHAIRMAN. That is pulp wood imported from Canada?

Mr. NORRIS. Yes; pulp wood per cord imported.

The CHAIRMAN. You gave the total amount of pulp wood imported from Canada?

Mr. NORRIS. Yes.

Mr. STAFFORD. From Ottawa?

Mr. NORRIS. These figures came from Ottawa, but this is a statement of all the export from Canada, Ottawa being the seat of government.

The CHAIRMAN. That being for the calendar year 1905?

Mr. NORRIS. The calendar year.

The CHAIRMAN. I was comparing them with the census reports, which are not for the calendar year. Are you sure that is for the calendar year or the fiscal year?

Mr. NORRIS. This is dated January 27, and it says:

A return brought down to date shows the following figures respecting the export of pulp wood from Canada to the United States: In 1905 there were exported 593,642 cords, valued at \$2,600,804; in 1906, 614,286 cords, valued at \$2,649,106; in 1907, 628,844 cords, valued at \$2,748,909.

Establishing these figures.

The CHAIRMAN. What do you make the total export in 1906?

Mr. NORRIS. In 1906, 614,286 cords, valued at \$2,649,106.

The entire items follow:

CANADIAN DUTY ON PULP WOOD EXPORTS.

[Correspondence of The Paper Mill.]

In the Canadian Parliament Mr. Lewis has given notice of a resolution, as follows: "That in the opinion of this house such an export duty should be placed on pulp wood that will induce its manufacture into paper in this country, and thus save Canada the \$6,000,000 now lost."

A return brought down to date shows the following figures respecting the export of pulp wood from Canada to the United States: In 1905 there were exported 593,642 cords, valued at \$2,600,804; in 1906, 614,286 cords, valued at \$2,649,106; in 1907, 628,844 cords, valued at \$2,748,909.

PAPER, WOOD PULP, AND PULP WOOD.

[Toronto Globe.]

It is no longer necessary to argue the question that the subject of our timber supply is one of the most important and far-reaching to which all classes of people can direct their attention. It concerns no one country and no one industry. It is hard to conceive what the civilized world will do when its supply of timber is practically exhausted, for it takes a long time to renew it. Even those trees which grow most rapidly mature very slowly, and the most valuable of our timber trees are not the ones that reach maturity most quickly.

In this issue of The Globe one phase of this question is presented in several of its aspects by means of skillfully prepared letter press and abundance of apt illustrations. The problem of obtaining a permanent supply of wood pulp, and therefore of pulp wood, has been pressing itself on public attention for some years past, but almost in vain; within the past few months a startling change has come over the situation, and there is no longer any need to convince intelligent observers that the necessity of finding a solution is a matter of extreme urgency.

One cause of the change mentioned is the rapid increase in the amount of pulp wood consumed by the newspaper press of all modern civilized countries. As a concrete and practical illustration it may be stated that the entire edition of this day's Globe weighs over 62,000 pounds, that it has consumed about 38 cords of wood, and that to produce this amount about 9½ acres, on the average, are required. In view of the enormous increase in the size of the Sunday issues of the great American dailies it is not surprising to find that the imports of pulp wood from other countries into the United States are rapidly increasing. In December, 1906, there were imported 24,179 cords, valued at \$103,145; in December, 1907, the amounts were 44,109 cords and \$234,643. During the whole of 1906 the number of cords imported was 322,758, and the value was \$1,427,086; during the whole of 1907 the amounts were 827,089 cords and \$4,002,795.

Paper manufactured from wood fiber began to be a commercial product just forty years ago, but it did not assume great importance till 1890. During the past seventeen years the consumption has increased beyond all expectation, and it is quite impossible to forecast with any claim to accuracy what the rate of increase of consumption will be for the next few years. Spruce furnishes three-fifths of the total amount used and hemlock one-fifth; the remaining fifth is composed chiefly of balsam and poplar.

Unfortunately this use of these woods created a new and additional demand for kinds of timber needed already for many other purposes.

In the United States the supplies of pulp woods were forty years ago to be found chiefly in New England, New York, and Pennsylvania, in the forests of the White Mountains, the Green Mountains, and the Adirondacks. These sources have been exhausted to such an extent that they can not any longer be expected to supply a large part of the consumption. The pulp-wood timber of several of the western States has been almost completely used up. In a short time the United States will have to depend very largely, and eventually almost wholly, on Canada for its supply of printing paper. The moral is obvious; the utmost care should be taken from this time forward to conserve the Canadian spruce forests, to reforest tracts that have been denuded of their first crop, and to cut only the mature trees everywhere, leaving those that are still growing to reach their maximum size. In the general opinion of experienced foresters a spruce tree requires from thirty to forty years to reach a size at which it will be profitable to manufacture it into paper.

The CHAIRMAN. I hold in my hand a circular issued November 26, 1907, Forest Service No. 120, "Consumption of Pulp Wood in 1906," which you have.

Mr. NORRIS. What page?

The CHAIRMAN. I see on page 9 of that report that it purports to give a comparison of imported wood and pulp from Canada in certain years, and while I presume this is fiscal year, still the amounts ought to be very nearly the same, and this gives, in 1905, 645,428 tons—considerably more than your figures.

Mr. NORRIS. Yes.

The CHAIRMAN. And in 1906, 728,872 tons.

Mr. NORRIS. Yes.

The CHAIRMAN. Of course, that does not affect the figures per cord, unless they have not included all the cords, and have included all the valuation.

Mr. NORRIS. If they include cords here and exclude values, that statement might be important; but I am quite sure that where they have taken the cords they have taken the values also, because, as I understand it, the International Paper Company's invoicing, or rather its subsidiary companies' invoicing of wood has been at \$5 per cord, but the actual export or import, as shown by the figures from Canada, show a reduction from \$4.38 per cord in 1905 to \$4.31 per cord in 1906, and \$4.37 per cord in 1907, so that on a very considerable part of the supply of pulp, of the pulp wood, which they get from Canada, the sworn and certified declarations of values in Canadian ports show a decrease, and not an increase.

I do not pretend from that to say that there has not been an increase in the cost of wood at the mill to the paper makers, but I am prepared to take up that phase of it later, after I have given these figures, and show that whatever increase there has been in the price of pulp wood at the mills has been the result of an artificiality, which I am prepared to demonstrate to this committee, by reason of the acquirement of large holdings, the concentration of them in a few hands, and the conservation of them for future supply. Instead of cutting from these lands which they have bought with almost recklessness, they have gone into the market, first taking the spruce lands from the market, and then going into the market and artificially marking up the prices on themselves.

Mr. STAFFORD. Will you state generally the freight charges on pulp wood from the Canada forests to the New England and New York mills, and also those in Wisconsin?

Mr. NORRIS. No. I only know one mill's freight charges.

Mr. STAFFORD. Will you prefer to cite that later, or is it perfectly pertinent at this place?

Mr. NORRIS. I would rather delay it until we get to the other phases of it. It was 3.50.

The CHAIRMAN. I suppose, Mr. Norris, as to these figures that you have given us about exports from Canada, that the official figures, when we get them, will probably be more reliable than a telegraphic dispatch from Ottawa?

Mr. NORRIS. Here is the Toronto Globe's statement, substantially the same thing. It occurs to me that possibly the committee ought to have some means of verifying the accuracy of those statements for itself by request of some bureau or department from the Ottawa sources; but it occurred to me that this was fundamental in your study of the cost of manufacture, that you should know what was the price which has been put upon this pulp wood by these people themselves.

The CHAIRMAN. And especially as there could be no incentive for undervaluation, there being no tariff duty imposed?

Mr. NORRIS. Yes.

Mr. SIMS. Mr. Norris, is not the price of pulp wood in Canada and in the United States substantially the same, varying only with the difference, possibly, of freight charges and transportation?

Mr. NORRIS. I would not like to say that. There are so many influences at work—proximity to the mills from the point where the supply is, the condition of rivers for driving purposes, the seasons of the year, factors that are almost innumerable—which might enter into it, and on which I am not thoroughly posted.

The CHAIRMAN. In this connection, while you are discussing it, the Forest Service report, to which I have alluded, makes this statement [reads]:

The average price per cord of wood in 1906, \$7.21, is much higher than in 1905, when it was \$5.56. The difference is accounted for mainly by the fact that manufacturers were asked to report the value at point of shipment in 1905 and at the mill in 1906. The highest average price, \$8.30 per cord, is credited to Vermont, followed by New York and Virginia, while the lowest price, \$5.18 per cord, is in Oregon.

That gives an idea of the value.

Mr. SIMS. That is pulp wood he is speaking of, exclusively?

The CHAIRMAN. Yes.

Mr. NORRIS. I have a memorandum to call your special attention to as to that. It is on page 74.

The CHAIRMAN. That extract I read is on page 8.

Mr. NORRIS. In the bulletin of the Department of Agriculture, Forest Service, No. 77.

The CHAIRMAN. These circulars are Pinchot's, but I guess the information is collected mainly by the Census Office. We will have the figures next week for the year 1907.

Mr. NORRIS. This Bulletin No. 77 says it is in cooperation with the Department of Commerce and Labor.

The CHAIRMAN. That is the Bureau of the Census. They do the work and the Forest Service takes the credit.

Mr. NORRIS. I also call attention to a statement in the Paper Trade Journal, giving a dispatch from Ottawa, Canada, of December 9, which states that "there is a marked demand for pulp wood, and

\$6 per cord seems to be the ruling figure," and indicating also that there has been a drop in the average wage of shanty men from \$35 per month to \$25 per month; that "the cost of taking out wood therefore would be no more than last year, even allowing for the extra cost of supplies in shanties."

Following is the item referred to:

MARKED DEMAND FOR PULP WOOD AT OTTAWA.

[From our regular correspondent.]

Inquiry among local manufacturers of pulp and paper shows that there is a marked demand for pulp wood, and \$6 per cord delivered seems to be the ruling figure. There was an indication a short time ago that, owing to the excessive cost of labor, pulp wood might become more expensive still. But in the last few weeks the average wage of shanty men has dropped from \$35 per month to \$25 per month. The cost of taking out wood therefore will be no more than last year, even allowing for the extra cost of supplies in shanties.

Mr. NORRIS. I submit also a statement of the Paper Trade Journal of February 13, 1908, giving a report of the limits of Americans in the Province of Quebec, showing the miles of territory owned or controlled in that Province by various companies, as follows [reads]:

LIMITS OF AMERICANS IN QUEBEC.

[From our regular correspondent.]

The following table shows the most important of the big American companies owning limits in Canada, their headquarters, manufacturing centers, approximate extent of property owned and its location:

Owners or head office.	Canadian firm name.	Location of mills or limits.	Territory owned or controlled.
			<i>Miles.</i>
International Pulp and Paper Co.	St. Maurice Lumber Co...	Three Rivers, Batiscan, and Pentecost.	3,200
Brown Bros., Berlin, N. H.....	Quebec and St. Maurice Industrial and Development Co.	La Tuque and St. Maurice River.	1,000
Do.....	Burgess Pulp and Paper Co.	River Croche and St. Maurice River.	700
Union Bag and Paper Co.....	Union Bag and Paper Co.	Charlemagne (1), Three Rivers (2); principal mills, Sandy Hill, N. Y.	2,000
W. and M. Jas. Clarke, New York and Toronto.	North Shore Power and Navigation Co.	Clarke City.....	762
Bayless Pulp and Paper Co., Binghamton, N. Y.	St. Anne Power Co.....	Beaupre.....	125
Do.....	Bayless Pulp and Paper Co.	St. Gabriel, Quebec	300 to 400
Head Office, Portland, Me.....	Saguenay Lumber Co....	Escoumains, Quebec.....	407
Battle Island Pulp and Paper Co., Fulton, N. Y.	Battle Island Pulp and Paper Co.	St. Alphonse.....	100

* Freehold, 166,000 acres; equal to about 16,600 miles.

† Cutting rights of Beaupre Seigneurie.

‡ Cutting rights from settlers.

I will submit that.

The CHAIRMAN. By the way, as to the figures you give of imports of pulp wood from Canada to the United States, have you the figures as to the kind of wood, whether it was spruce or poplar, and do you know what the comparative value is between a cord of spruce and a cord of poplar?

Mr. NORRIS. I think poplar is slightly cheaper, not very much

The CHAIRMAN. Not very much cheaper?

Mr. NORRIS. No.

The CHAIRMAN. It would not make any substantial variation by reason of the importation of poplar falling off?

Mr. NORRIS. No; the importation of poplar is so small that it could not affect the averages. I have the total importations of poplar for the year 1906, for mechanical process, 2,000, and for soda process, 15,421 cords.

The CHAIRMAN. The total importation of poplar from Canada in 1906 was 17,950 cords.

Mr. NORRIS. That checks with this statement, so that it would be inconsiderable. It would be only about 3 per cent of the total; not quite 3 per cent of the total.

Mr. SIMS. Is the wood there referred to and called "poplar" similar to the yellow poplar of Tennessee and other southern States, or is it what we call "cottonwood?"

Mr. NORRIS. I do not know, but I think not.

The CHAIRMAN. I ought to be the tree expert here, and I would say it was cottonwood, except for the fact that the Forest Service makes a distinction in reference to these importations between cottonwood and poplar. Yellow poplar is the tulip tree, the *Liriodendron Tulipifera*, but they give the consumption of wood, poplar being No. 2, and kinds of wood manufactured into pulp, and cottonwood down below that.

Mr. SIMS. We have had a great deal of poplar in our forests.

The CHAIRMAN. What they call "yellow poplar" is the tulip tree.

Mr. SIMS. Yes. It makes very fine lumber.

The CHAIRMAN. There is lots of it here on the Capitol grounds. There are fine specimens of those trees here in Washington.

Mr. SIMS. I suppose they could make pulp out of it.

The CHAIRMAN. Yes; I suppose they could make pulp out of almost anything, but it is too expensive. I expect to examine Mr. Pinchot on that.

Mr. NORRIS. I also call attention to two publications which will interest the committee. One is entitled, "I. P.'s Big Timber Land Holdings," and is a statement reprinted in the Paper Trade Journal from the Wall Street Journal, purporting to give the extent of the timber holdings of the International Paper Company in acres, and to figure out that upon the values of its forest lands, its timber lands, it has gained or made a profit of \$8,000,000.

The CHAIRMAN. That is a good deal like counting the profit on wheat where a man is running a corner before he sells the wheat.

Mr. NORRIS. That is precisely the point that I want to impress upon this committee, that these paper men are simply drunk with speculation, and that they have absorbed timber lands recklessly; that if the formula laid down by Mr. Dillon is correct, they have more than enough, and I expect to show that they have been investing in Canada from \$3,000,000 to \$4,000,000 in the acquirement of timber lands, apparently upon the idea of a speculation in timber, instead of applying their moneys to the development and expansion of paper in the United States to meet the demand. Instead of doing that, for which they borrowed money in 1905, they appear to have been pouring it into Canada and buying timber lands and the control of lumber companies there, to the disadvantage of American newspapers, or rather to the disadvantage of the consumers of their paper and to the disadvantage of the labor which they ought to employ.

Shall I read this statement?

The CHAIRMAN. Go ahead, Mr. Norris.

Mr. NORRIS. Shall I read these matters wherein they figure out paper profits of \$8,000,000 for themselves?

The CHAIRMAN. Have you finished the wood proposition?

Mr. NORRIS. No; this is the speculation in wood as a part of the proposition.

The CHAIRMAN. All right: just read it.

Mr. NORRIS. Really, both are the same article. [Reads:]

I. P.'s BIG TIMBER LAND HOLDINGS.

THE INTERNATIONAL PAPER COMPANY HAS IN FEE OR IN TIMBER-LAND LIMITS A TOTAL OF 4,105,000 ACRES—THIS IS AN INCREASE OF 1,255,000 ACRES IN A LITTLE OVER ONE YEAR.

Under date of January 24 the Wall Street Journal prints the following news item from its Boston correspondent in regard to the timber lands of the International Paper Company:

"The International Paper Company has in fee or in timber-land limits a total of 4,105,000 acres of timber lands in the United States and Canada. This is an increase in a little over a year of 1,255,000 acres, or 44 per cent, the greatest fourteen months' expansion in the history of the company. Of this 1,255,000 acres, 1,100,000 acres has been in timber-land limits, which amounts, practically speaking, to the purchase of the standing timber without acquiring title to the land itself."

The CHAIRMAN. What is that?

Mr. NORRIS. That of the expansion of 1,250,000 acres, the 1,100,000 was in timber land limits, which meant the acquirement of the timber without the acquirement of the land itself.

The CHAIRMAN. What are timber-land limits?

Mr. NORRIS. They are purchases of rights to cut the timber off of given tracts.

The CHAIRMAN. Public land or private land?

Mr. NORRIS. Public lands, as I understand them, in the province of Quebec, largely, what are called "Crown lands." And I will give you some data later with respect to the areas of these Crown lands, and the other timber areas in Canada, which bear upon this matter of the wood supply from Canada, and having a very intimate relation to this inquiry because of that clause in the Stevens bill which provides that no reduction shall be made from countries where an export duty on logs has been imposed, practically the same as is in the present Dingley measure.

The CHAIRMAN. In that connection, let me ask you, partly for information and partly to put you on inquiry yourself—it may aid us—I am told of wood that is exported from Canada to this country, cut on public land of some sort, which is a considerable price per cord where it is to be exported to the United States. Do you know anything about that?

Mr. NORRIS. I will have something to submit to you on that matter, which brings up the question of the countervailing duty; that is a phase of it on which I have some information to give to you. The start of it, immediately—or practically the interests that work on the Dingley bill, which provided for that export duty and which overlooked the right of a province, the framer of that dwelt only with the Dominion of Canada, or had that only in mind, overlooking the fact that the provinces in the Dominion had certain rights reserved to themselves, and one of those rights has been exercised by the Province

of Ontario, namely, the prohibition of the export of wood except in the form of manufactures within the Province of Ontario, which has forced some of the Western paper mills who needed wood from Canada to go east 1,200 or 1,400 miles to Quebec to get their supplies.

Mr. STAFFORD. So as to avoid the countervailing duty?

Mr. NORRIS. So as to avoid that prohibition, so far as Ontario was concerned. There is a certain tax or license on woods cut in the Province of Quebec, that are shipped outside, I think—I speak merely from impressions of what I have gathered, I simply start the committee on the line—that a license of 65 cents is imposed, and if the wood is converted into manufactured product in the province, that 40 cents of it is returned, so that there is a 25 cent tax or license on it, and upon the basis of that the United States Government has been imposing a countervailing duty, and I will undertake, in the course of the next day or so, as opportunity offers, when I reach that phase of the subject, to submit to you some data which you may accept for just exactly what you think it is worth. I mean you can investigate that phase of it for yourselves, but it occurred to me that it would at least be informative to you and would start you upon inquiry. [Reads:]

The following comparison will give a good idea of the tremendous increase in its source of raw materials which the International Paper Company has made during the last fourteen months:

	January, 1908.	November, 1906.	July, 1903.
Acreage owned in fee.....	1,155,000	1,000,000	840,000
Timber-land limits.....	2,850,000	1,850,000	1,800,000
Total.....	4,105,000	2,850,000	2,640,000
Increase.....	1,255,000	210,000	.....
Per cent increase.....	44	8	.....

In the two years and a half from July, 1903, to November, 1906, the company increased its timber lands by 210,000 acres, or 8 per cent, while in fourteen months since that time it has increased them over 44 per cent.

The International Paper Company must have a substantial concealed equity in its timber lands entirely unrepresented in the accounts of the company.

Few classes of real property have shown so great an increase in value in a few years as standing timber. Conservative authorities place this increase at not less than 200 per cent in the last five years. The book value of timber lands owned by the International company in 1903 was \$1.50 per acre, and at present is about \$1, an actual decrease in five years of 50 per cent.

That is talking of book value.

Mr. STAFFORD. From where do they get the data as to the book values of the company?

Mr. NORRIS. Apparently from the annual statements. [Continues reading:]

Assuming that the increase in value of the company's lands since 1903 has been but 100 per cent, and accepting the book value of \$1.50 per acre shown in the 1903 balance sheet as a basis for calculation, it seems eminently fair to take \$3 per acre as a conservative valuation per acre at present. This would mean an investment in timber lands of over \$12,000,000, or fully \$8,000,000 more than the amount shown by the books, a concealed equity equal to nearly \$40 per share of preferred.

The \$1,000,000 5 per cent bonds for which the International Paper Company has made application for listing on the New York Stock Exchange are the 5 per cent consolidated mortgage convertible bonds that were sold about a year ago. The only way in which bonds can be issued by the company is to replenish the treasury when funds have been taken therefrom for the purpose of adding to the productive power of the company. In other words, when a new mill is erected or acquired for which provision is made out of the treasury, an amount of bonds may be issued.

The CHAIRMAN. Do you think that the fact that the International Paper Company made these large investments in timber lands indicated, in any way, the belief of the officers of that company that the price of timber was going to increase rapidly or that the supply was going to become scarce?

Mr. NORRIS. Both.

The CHAIRMAN. You have lived in a city, possibly, all your life, Mr. Norris?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. You have never had the land fever yourself?

Mr. NORRIS. Unfortunately, once [laughter], but I have an instance in mind with which I was rather intimately acquainted, not associated, with respect to the Philadelphia and Reading Railroad Company that exactly fits this case. I do not like to appear in the role of a prophet, but when they organized this International Paper Company I told some of the officers at that time that the most extraordinary temptation that would be thrust upon them would be the speculation in timber lands—the desire to acquire holdings to stop other people from getting them, or to obtain the advantages of appreciations in values. I was moved to that by the knowledge of the fact that the Philadelphia and Reading Railroad Company, early in the seventies, when it was a fine, prosperous property, clearing 22 per cent on its stock, and its officers embarrassed to know how to conceal its profits so that the stockholders would not demand more than 10 per cent, they elected a man named Franklin B. Gowan president, who was a dreamer, who started in upon this craze for coal lands.

There are substantially—there were, then, substantially—470 square miles of anthracite coal area in the United States, and he insisted that, first, he must have a tonnage which would insure for all time facilities, a good business for his company. Then his ideas expanded so that he must stop the Lehigh Valley and other companies from getting into his preserves, and the competition was inaugurated between them to acquire various anthracite tracts which were for sale at that time, and they bid against each other and paid extravagant prices, and they bought these additional holdings upon the same value as if they were to be immediately developed, and the outlook was so promising that, instead of raising the funds by stock sales, they figured that the profits on this business would be so great that they would borrow the money in bonds and let the stockholders get the benefit of all of the accretions and equities in the transaction. They overlooked the fact that all of the anthracite coal area—that of their anthracite coal areas they could, if developing them immediately, mine 60,000,000 tons of coal a year, and for a great many years, until those tracts were exhausted, but at that time the Philadelphia and Reading was only carrying from those areas about 6,000,000 tons of anthracite coal, and having borrowed the money to pay for these holdings at 7 per cent, it found that every ton of coal which it took out of the ground was forced to pay, not only its own contribution of royalty for this impoverishment of the ground, but it also had to pay the carrying charges on 9 other tons of coal which were in the ground and which would not be developed for possibly twenty, or thirty or forty years.

Such land, given to them without cost, if they had to pay anything on it in the way of taxes would be a burden, and the result

was that the weight of this vast debt simply dragged them down, and they went through a period of receiverships and reorganizations. Now, the same way, the same line, not in the same degree, but upon precisely the same basis, is being pursued by paper companies, which are acquiring more timber lands than they use, and which, when they buy them, are not cutting them, but are going outside and buying a considerable part of their supply, upon the theory that they are conserving their own forests and are preparing to take the benefit of the appreciated values of those tracts.

Mr. STAFFORD. Speaking from bare newspaper knowledge of the Philadelphia and Reading—and I believe my impression will supplement your position so far as the International Paper Company is concerned—though the large holdings that Mr. McGowan acquired away back in the seventies weighed down the company and caused the subsequent reorganizations in the eighties, still, to-day, it has buoyed the price of that stock up away beyond par, because it has reached that time when these coal mines are of value because of their being placed on the market.

Mr. NORRIS. I beg to differ with you.

Mr. STAFFORD. Of course, I have nothing more than newspaper knowledge in that matter.

The CHAIRMAN. Do not go too far into the controversy about the Philadelphia and Reading. This is no doubt instructive. Do you think, Mr. Norris, that it would be proper for this committee, in the case of the International Paper Company, to endeavor to overrule their decision in the management of the company as to the purchases they should make of timber lands?

Mr. NORRIS. Not at all. This information is not submitted to you with that in view, but in order that you shall understand that the moneys accumulated by this company, whether by borrowing or by manufacture, are being poured into Canada for the acquirement of properties and development of tracts there, while standing aside and permitting and participating in the creation of a paper famine here, that they are under obligations to the American people, to Congress, which gave them the benefit of that protective tariff, that they are at least under obligation to see that the American consumer is not put in position where he is unable to acquire that which Congress has undertaken to protect that maker in the manufacture of.

The CHAIRMAN. Well, here are the International Paper Company officials, I should say, presumably, as far as we are concerned, endeavoring to further the interests of their stockholders. Assume that they believe that it would be necessary, or desirable, in the management of their business, to purchase large holdings of timber lands in Canada; now, does it lie within our province to say to them that they are wrong in their judgment of the matter?

Mr. NORRIS. It lies in your province, charged, as you are, with making an inquiry upon the various aspects of this subject, and notably the advisability of the tariff tax, that you shall inquire whether these people are indulging in a gigantic speculation in wood lands and marking the prices of material up upon themselves and imposing the burdens upon consumers, who have no interest and should not be saddled with the penalties of any such speculation.

The CHAIRMAN. You say "indulging in speculation." Of course, judgment of a speculation is a matter of judgment. Do you mean

that we should put our judgment against the judgment of the men conducting the business, as to whether what they have done is a speculation or not? Suppose we should say that the issuing of 30 or 40 or 50 pages of a Sunday paper was a speculation which ought not to be tolerated. Would you have us put our judgment on that subject against the judgment of the newspaper publishers who are most interested in that question?

Mr. NORRIS. There is absolutely no comparison between the two, because of the fact that upon the Sunday paper there is an immediate and direct return, whereas in this proposition they are simply anticipating, or attempting to anticipate, what may occur. However, please do not—

The CHAIRMAN. There may not be a direct return on the Sunday newspaper; the returns may come in directly. If my information is correct, they are sometimes published to the direct loss, and also at the expense of the Government, at a large expense, which furnishes the postal facilities practically for nothing.

Mr. NORRIS. Excuse me; I can furnish to you a brief which will completely change your views upon that and show you that not only does the United States Government not do that for the newspapers, but that it makes a profit upon the newspapers.

The CHAIRMAN. You might furnish that brief to a man who did not know anything about it, but I know about it.

Mr. NORRIS. Excuse me; it opened the eyes of the post-office officials who had for years been making precisely the same assertion. However, that is apart—

Mr. STAFFORD. On postal matters I would like to be heard, because I have been interested in them myself.

Mr. NORRIS. I will send you a copy of my brief.

The CHAIRMAN. Here is the proposition, of course it is a proper subject of inquiry—

Mr. NORRIS. That is the only reason I bring it before you.

The CHAIRMAN. But what we are speaking of now is the effect of it, as to how far we can endeavor to overrule the action of the men who have the affairs of their stockholders and who are acting in the interests of their stockholders, presumably, in making investments.

Mr. NORRIS. I do not question the honesty or the good intentions or the enthusiasm of the gentlemen who have pursued that policy. I simply say that when it is done without regard to the interests of the American consumer, that it puts the paper company in a position where it must explain to Congress and justify itself, if it wants further protection in a tariff duty. That is all.

Mr. SIMS. Now, Mr. Chairman, let me ask Mr. Norris, it seems there is a relevancy of this inquiry in this, that the paper manufacturers give as a reason for the advance an increased labor cost and an increased cost of material, and that material, in part, of course, is pulp wood. Now, if they are entering into the market and buying up and absorbing large tracts of pulp wood, timber land, are they not, in that way, furnishing the cause for an advance that does not grow out of the current consumption of pulp-wood timber?

Mr. NORRIS. Entirely.

The CHAIRMAN. Oh, well, the price of pulp wood is determined, not by the amount that is used for pulp-wood purposes, I suppose, but by the value of timber land on the American continent; the amount used for pulp wood is a very small percentage.

Mr. NORRIS. Excuse me. Upon that point I refer you to page 18 of the circular 122, of the United States Department of Agriculture, Forest Service, on which it says:

In addition to the spruce which is cut for lumber, large quantities are also used for the manufacture of pulp, particularly in New York and New England. Altogether, about three-fifths as much spruce was used for pulp as for lumber in the United States in 1906.

Mr. SIMS. Now, another inquiry I would like to make——

The CHAIRMAN. That is true, but that does not affect the other statement at all.

Mr. NORRIS. It modifies it.

The CHAIRMAN. I do not think in the slightest degree it modifies it, Mr. Norris. As I stated before, spruce is largely used for pulp, partly because it is not so valuable for other purposes, but it values for other purposes helps to determine its value, and the value of timber lands generally of other kinds determines the value of the spruce lands.

Mr. SIMS. I want to know, for my own information, is spruce wood more valuable for the purposes of making pulp than it is for the purposes of lumber manufacture or the other uses to which it is applied?

Mr. NORRIS. I do not know.

The CHAIRMAN. Good spruce is used for lumber, certainly.

Mr. SIMS. I know; but which is the more valuable use, pulp or lumber?

Mr. NORRIS. It is the result of competition between them——

The CHAIRMAN. Good, large spruce would be more valuable for lumber than it would be for pulp wood, but most of the large spruce has been cut down. The spruce wood of Maine is nearly all second or third growth. The old spruce is cut away. I suppose the same is true, in the main, in New York, and that timber, as a rule, is probably more valuable for pulp wood than it is for lumber purposes.

Mr. SIMS. Now, then, let me ask this, if you know——

Mr. NORRIS. Let me further answer, considerable of the spruce—that is, a part of the spruce—used is more or less of a by-product of the other. They cut spruce down to 5 inches, and the complaint of the Forest Service is, cutting for pulp wood is more destructive, because they take the younger trees, the smaller trees.

The CHAIRMAN. Oh, yes; until recently they cut everything off; they cut a field practically clean. Now, the International Paper Company purports, in some places, at least, to cut nothing under 12 inches. I do not know what the fact is.

Mr. NORRIS. Let us qualify it.

The CHAIRMAN. I have only seen that statement.

Mr. SIMS. I wanted to ask this, do we get the better grade of pulp out of the younger or the older timber, or is there any difference in it?

Mr. NORRIS. I do not know.

Mr. SIMS. Do you know whether these large holdings which you have been referring to are holdings of virgin forests, or is it second growth; has any of it been cut off—the spruce I mean?

Mr. NORRIS. I do not know. I should imagine that it is virgin forest, so far as Canada is concerned, principally.

The CHAIRMAN. Proceed, Mr. Norris.

Mr. NORRIS. May I put in at this stage some of the data from the Forestry Service as to kinds and amount of wood manufactured into pulp?

The CHAIRMAN. What bulletin do you refer to, whatever it is, what paper is it?

Mr. NORRIS. This is Bulletin 77 of the Department of Agriculture. It is probably the same as Circular 120. I wanted to put in Table 1 and Table 3 and Table 4, with its explanatory note, Table 5 and and Table 7 and Table 8, and to make some remarks upon them, which I think may be helpful in clarifying that phase of the subject.

The CHAIRMAN. That is, you wish to call the attention of the committee to some things in these tables, you mean? Suppose you do that as you go along, as you put them in, or however you please.

Mr. NORRIS. The Tables 1 and 3 were marked by me in response to your inquiries as to how much spruce and how much poplar and how much hemlock and various kinds of wood had been used in the manufacture of wood pulp, which appears in Table 1. And Table 3 is interesting and an answer also to one of your questions, because it shows how much of each kind of wood was used for the various wood-pulp processes; that is, mechanical, sulphite, and fibral, and Table 4, stating the amount and value and average price per cord of wood pulp in 1905 and 1906, was interesting, first, because it undertook to give a statement of price per cord, and next because of the explanation which the chairman has read from page 74 of this and page 8 of the other circular, but it is also interesting, the explanation, because of what follows the other statement. May I read that entire paragraph to carry out the thought which I had some time ago with respect to the concentration of holdings in a few hands? [Reads:]

The average price per cord of wood in 1906, \$7.21, is much higher than in 1905, when it was \$5.56. The difference is accounted for mainly by the fact that manufacturers were asked to report the value at point of shipment in 1905 and at the mill in 1906. The highest average price, \$8.30 per cord, is credited to Vermont, followed by New York and Virginia, while the lowest price, \$5.18 per cord, is in Oregon. The strong market for lumber of all kinds during the year doubtless helped to force up the price of pulp wood, but on the other hand it is well understood that most of the large tracts of pulp-wood timber are rapidly passing into the control of large pulp producers, who in many instances are holding them in reserve for future supply and are purchasing for their present needs in the open market. This action necessarily withdraws from the present source of supply a considerable area which would otherwise form an important part of it. In order to secure their supply certain of the middle western States have invaded the eastern market, and this doubtless strengthened it.

Mr. STAFFORD. Why does not that view confirm the attitude of Mr. Gowan in purchasing for future use in years to come?

Mr. NORRIS. Except that Mr. Gowan was "broke" by the mere carrying charges.

Mr. STAFFORD. Yes; but his purpose was to purchase as much of the available supply of anthracite coal as possible, and to create a monopoly thereby, so as to avail himself of the increased price when the community demanded it.

Mr. NORRIS. Yes. Also Table 5, "Comparison of total amounts of wood used for pulp in 1899, 1905, and 1906."

Following is the table referred to:

TABLE 5.—Comparison of total amounts of wood used for pulp in 1899, 1905, and 1906.

Process.	1899.	1905.	1906.	Increase.	
				1899 to 1905.	1905 to 1906.
	<i>Cords.</i>	<i>Cords.</i>	<i>Cords.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Mechanical.....	786,840	1,096,804	1,197,780	39.4	9.2
Chemical.....	1,199,470	2,095,419	2,463,396	74.7	17.6
Total.....	1,986,310	3,192,223	3,661,176	60.7	14.7

Mr. NORRIS. Also the statement in Table 7, "Wood pulp imported, 1902-1905."

Following is the table referred to:

TABLE 7.—Wood pulp imported, 1902-1906.*

QUANTITY.

Country.	1902.	1903.	1904.	1905.	1906.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Europe.....	16,154	24,896	43,381	36,622	40,966
North America	51,262	81,985	101,416	130,882	116,258
Total.....	67,416	116,881	144,796	167,504	157,224

VALUE.

Country.	1902.	1903.	1904.	1905.	1906.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Europe.....	736,574	1,820,747	1,786,097	1,820,412	2,081,590
North America	1,322,518	1,867,023	1,816,571	2,680,543	2,503,362
Total.....	2,059,092	3,687,770	3,602,668	4,500,955	4,584,952

* From annual report of the Bureau of Statistics of the Department of Commerce and Labor upon the commerce and navigation of the United States.

Mr. NORRIS. I want to call attention merely to the fact that these tables obviously refer to all kinds of wood pulp, and not to mechanically ground wood pulp; and that it is important to have that emphasized on the record.

The CHAIRMAN. Table 3 shows that.

Mr. NORRIS. It shows the importations?

The CHAIRMAN. Oh, no.

Mr. NORRIS. I was referring to this fact, that the total number of tons imported from North America, meaning Canada, in 1906—

The CHAIRMAN. Speaking of the importations of wood pulp?

Mr. NORRIS. Of wood pulp—(continuing) was 116,000 tons, and that the price was, that the value was, \$2,503,000, which would make the price over \$22 per ton.

The CHAIRMAN. Yes; but the bulletin, on page 10, gives that data. [Reads:]

The average import value per ton of pulp manufactured by the mechanical process, as shown by the imports, is \$14; unbleached chemical pulp, \$34 per ton, and bleached chemical pulp, \$50 per ton

Mr. NORRIS. What page is that?

The CHAIRMAN. The bottom of the article, page 10.

Mr. NORRIS. Then, of course, from that figure it is evident that the Department must know how many tons have been received.

The CHAIRMAN. Undoubtedly.

Mr. NORRIS. I had some notes, apropos of that very statement, I find on page 76 of this publication, which is the same type as the other, wherein that inquiry was a part of the matter that I wanted to ask the committee.

The CHAIRMAN. Of course, we will soon have that data for the year 1907, presumably.

Mr. NORRIS. Yes.

The CHAIRMAN. At least, I assume this means the fiscal year all the time.

Mr. NORRIS. Yes, sir. I call attention to a publication of the Daily Consular and Trade Reports, Saturday, June 1, 1907, page 13, wherein there is an extract—

The CHAIRMAN. June 1, 1907?

Mr. NORRIS. June 1, 1907—wherein there is an article on Quebec timber lands, giving a part of an annual report of the trade and industries of that district, by Consul James H. Worman, of Three Rivers, Canada, furnishing information on the timber lands and the timber milling output of the Province of Quebec, in which—shall I read this? I think it would be quite informative. [Reads:]

Americans were the first to organize milling companies to build sawmills in this consular district. Their operations have continued to this day, and, with three exceptions, the lumber industry of Three Rivers may be said to be in the hands of Americans, or controlled by American capital. Besides the mills in Three Rivers, there are ten or more large mills along the north and south shores, many of which are controlled by American capital, and exporting their products to the United States, principally.

Canadians are endeavoring to influence such government measures as may force some American industries dependent on Canadian forest supplies to transplant to the Dominion. The farmers who have forests to cut, especially in Quebec and Ontario, oppose, rigidly, such legislation. The withdrawal of the United States from the Canadian lumber market would mean impoverishment to many of the owners of forest land.

EXPORT OF PULP WOOD—QUEBEC'S LUMBER RESOURCES.

When the tariff revision was under discussion in conferences held in this consular district, pulp and paper manufacturers advocated an export duty on pulp wood, but the farmers successfully opposed the proposition on the ground that cutting pulp wood was the best means they had to obtain ready money during the winter months.

This entire export of pulp wood goes to the United States, but yet it only constitutes 25 per cent of the consumption of the pulp wood used by American paper mills, viz, 2,500,000 cords per annum—

Since grown, it is 3,000,000 [continues reading]:

The Adirondacks supply 580,000 cords, or almost the same amount as Canada.

The premier and minister of crown lands for Quebec in 1903 said that there were in this Province 62,592 square miles of Crown lands under license and 100,000 square miles of absolute forest not then under license, making a total of 162,000 square miles of crown timber lands, amounting to 104,000,000 acres. Since that date the mileage under license has increased to over 67,000 square miles, and there are, besides the vast limits, some 20,000,000 acres of seigneuries and patented lots, of which by far the larger portion is timbered.

A recent estimate of the timber supply in Quebec alone places the figures for soft-wood logs at 155,000,000,000 feet; hard-wood logs, 21,000,000,000 feet; pulp wood, 745,000,000 cords; besides 730,000,000 railroad ties and wood suited only for shingles and fence posts. The wealth in forests of the maritime provinces of northern Ontario, of the Pacific slope, of the Saskatchewan Valley, and the Far North, is yet to be added.

As an additional contribution to investments in Canada there is another publication by the Paper Trade Journal, date not given; under heading of "Canadian Timber and Pulp Wood. Recent Developments Looking to the Use of the Forests of the Dominion by Americans Are Summarized in a Consular Report—Ontario's Efforts to Conserve Forests." I will read one passage in that which may interest you. [Reads:]

One large American paper company, owning extensive and valuable forest areas in the Province of Quebec, notably along the St. Maurice River, with mill headquarters at Three Rivers and Batiscan, has recently acquired vast areas on the lower St. Lawrence, and is running mills in Gaspé County, Quebec. From its Three Rivers and Batiscan mills exports are made not only to the United States but also to England, the European Continent, and South America. The same company has also recently

acquired large timber interests in New Brunswick, for which the consideration is said to have been \$250,000. It is also reported that it is negotiating for lumber and milling interests at Marysville, New Brunswick, which will include, if carried out, the Blackville plant and the timber limits and licenses on the Nashwaak. The consideration is reported to be over \$2,000,000.

Following is the article referred to:

CANADIAN TIMBER AND PULP WOOD.

RECENT DEVELOPMENTS LOOKING TO THE USE OF THE FORESTS OF THE DOMINION BY AMERICANS ARE SUMMARIZED IN A CONSULAR REPORT—ONTARIO'S EFFORTS TO CONSERVE FORESTS.

Consul James M. Worman, of Three Rivers, Canada, contributes the following information on the utilization of Canadian and Newfoundland forests for paper-making material, and of the efforts to conserve the timber resources in the Dominion. American capitalists have brought some 500 square miles of valuable timber areas in Newfoundland and will at once begin the erection of mills for the manufacture of pulp.

One large American paper company, owning extensive and valuable forest areas in the Province of Quebec, notably along the St. Maurice River, with mill headquarters at Three Rivers and Batiscan, has recently acquired vast areas on the lower St. Lawrence and is running mills in Gaspé County, Quebec. From its Three Rivers and Batiscan mills exports are made not only to the United States but also to England, the European Continent, and South America. The same company has also recently acquired large timber interests in New Brunswick, for which the consideration is said to have been \$250,000. It is also reported that it is negotiating for lumber and milling interests at Marysville, New Brunswick, which will include, if carried out, the Blackville plant and the timber limits and licenses on the Nashwaak. The consideration is reported to be over \$2,000,000.

A new pulp and paper mill is to be built up out of the old Chatham pulp mill, which closed down some years ago. Its new capitalization is \$300,000, and as incorporators appear several American capitalists.

The pulp and paper mills of Wisconsin, Michigan, and Pennsylvania have this year been seeking pulp wood on both the Quebec and Ontario sides of the border adjacent to the territory tapped by the Temiskaming and Northern Ontario Railway. They are buying all the material available for delivery this season, and in some cases making contracts for supplies for several seasons ahead. Wisconsin parties who own pulp-wood areas on the Quebec side of Lake Temiskaming are planning to cut their timber this winter into 16-foot lengths, raft it in the spring down the lake to Halleybury, where the Temiskaming and Northern Ontario Railway is building a spur line to the wharf, rail it thence to North Bay, where it will be dumped into Lake Nipissing, to be again rafted to Georgian Bay, and thence transferred for loading into the company's barges for conveyance to Wisconsin.

The Ontario government, which forbids the export of saw logs, will now accept tenders for her pulp-wood concessions only from bidders who will agree to the manufacture of all of their pulp wood into paper within that province. There is considerable agitation over the same question in the Province of Quebec, and there is a move on foot at Ottawa to secure unified legislation by the imposition of an export duty on pulp wood and wood pulp in order to cause the upbuilding of the paper industry in Canada on a larger scale. These interests lose sight of the following facts: First, the lack of railway facilities; second, the inadequacy of the Canadian paper mills; third, the dependence of the Canadian farmer, especially in the eastern provinces, on the lumber camps during nearly one-half of the year for employment, and returns on their own pulp wood; fourth, the timber limits in Newfoundland are not subject to legislation by the Dominion.

Mr. NORRIS. Also a statement in The Paper Mill Journal of February 8, 1908, giving a dispatch from Ottawa, dated February 7, 1908, which is headed, "International has bought about all the pulp-wood forests it can handle—Some of its connections." [Reads]:

INTERNATIONAL

HAS BOUGHT ABOUT ALL THE PULP-WOOD FORESTS IT CAN HANDLE—SOME OF ITS CONNECTIONS.

[Correspondence of The Paper Mill.]

According to a statement of Charles E. Oak, who is in charge of the business of the company in New Brunswick, the interests which the International Paper Company and its subsidiary companies in the province control aggregate upward of \$3,000,000

and very close to \$4,000,000. The company has completed the purchase of about all the properties it can take over at present, but will spend several hundred thousand dollars, it is thought, during the coming few months on improvements to its milling properties.

Mr. Oak stated recently that the Miramichi Lumber Company had about given up the idea of erecting a large mill at Boiestown—

The International was interested in the Miramichi Lumber Company. [Continues reading]:

and some other big work contemplated will not be undertaken just now on account of the unsettled condition of the spruce deal market. It is the intention of the International Paper Company to spend upward of \$10,000 on the mill at the Hutchison property on the Miramichi, and more would be spent were it not that the title of the property is not thoroughly clear as yet. However, half a dozen or so shingle machines are being installed so as to handle cedar at the mill, and a roosing mill there is one of the possibilities of the not distant future.

While it had been generally supposed that the International Paper Company had purchased the Dalhousie Lumber Company's property on the Restigouche River in New Brunswick some time ago, it is now said on good authority that the International is not the absolute owner of the property. The Dalhousie Lumber Company disposed of its property to the St. Maurice Lumber Company, of Three Rivers, Quebec, and this company is now in control. The St. Maurice Company is, however, one of the subsidiary concerns of the International Paper Company, occupying a similar position to that of the Miramichi Lumber Company, as the International magnates hold the majority of the stock. The new owners of the property are preparing to erect mills which will cost upward of \$150,000, and the work will be rushed along, it is said, during the coming summer. It is the intention to install band saws and roosing machinery as well, and the plant will be most complete and particularly adapted to the conditions existing. It is understood that an arrangement has been made whereby the International Paper Company will take the entire output from the property in question, and that most of the cut will be used for pulp wood.

Also a dispatch in The Paper Mill from Fredericton, New Brunswick, dated January 8, 1908, wherein, among other things, it says [reads]:

The Miramichi Lumber Company was not long ago given permission to increase its capitalization from \$400,000 to \$800,000, and the capital has already been increased to \$600,000. The International Paper Company now holds a controlling interest in the company.

Following is the article referred to:

CUTTING WOOD FOR THE INTERNATIONAL COMPANY.

[Correspondence of The Paper Mill.]

Charles E. Oak, of the International Paper Company, states that the cut of the company this year on the Richards and Hutchinson properties on the Miramichi would probably amount to 40,000,000 feet. It had been the intention to cut only about 30,000,000, but with such excellent conditions for yarding and more men available it was likely there would be a larger quantity cut.

Practically the entire output will be used for pulp wood and will be shipped by vessels from Chatham to the United States. Just now, Mr. Oak said, there is much need of snow in the woods, and if more snow did not come within a few days, a large number of the 1,200 men employed by the company would have to be discharged.

The Miramichi Lumber Company was not long ago given permission to increase its capitalization from \$400,000 to \$800,000, and the capital has already been increased to \$600,000. The International Paper Company now holds a controlling interest in the company.

Mr. NORRIS. The committee is not specially interested in lumber in British Columbia?

The CHAIRMAN. I suppose that is quite a factor on the Pacific coast.

Mr. NORRIS. I refer to an item in the Daily Consular and Trade Reports for Monday, September 9, 1907, headed "Lumber in British

Columbia—Americans said so be the principal investors in the industry." [Reads:

Consul L. E. Dudley, of Vancouver, British Columbia, reports that at the rate at which timber licenses are now being taken it is estimated the Canadian government will realize during the present year \$750,000 from new licenses and \$500,000 from renewals.

American capitalists are leading in the acquirement of timber leases. A St. Paul, Minn., company recently purchased 261,000 square miles of timber lands, partly on Vancouver Island.

The CHAIRMAN. A St. Paul, Minn., company?

Mr. NORRIS. A St. Paul, Minn., company. I suppose that is our lumber king—what is his name?—recently paraded as richer than Rockefeller?

Mr. STAFFORD. Weyerhaeuser.

Mr. NORRIS (continues reading):

Partly on Vancouver Island, the remainder upon the mainland, paying about \$5,000,000 for the same, and proposes building six large sawmills at once. One American is said to have realized more than \$1,000,000 profit upon his holdings acquired in the last few years. The provincial lands are not sold, and all logs cut upon such lands must be manufactured within the province. The lands now changing hands by sale and purchase came into private hands before the enactment of the law now in force.

The CHAIRMAN. Do you know whether the cost of the manufacture of paper on the Pacific coast is higher than it is in Maine?

Mr. NORRIS. I do not know anything about the Pacific coast. All I know on that subject is what has been submitted to the committee and the statement I saw somewhere that there was a small pocket of spruce in Oregon which was available for wood paper purposes.

Mr. STAFFORD. The price paid by newspaper publishers on the Pacific coast for print paper would indicate that the cost is much higher than in other parts of the country.

The CHAIRMAN. That might be regulated by the fact that they do not purchase enough to supply the demand.

Mr. NORRIS. But that was the statement that was made by them—that they fixed a price which would meet the price of the eastern mills plus the freight.

Mr. STAFFORD. Seventy-five cents from Missouri River points.

Mr. NORRIS. It was higher than that at some places, was it not?

Mr. STAFFORD. Seventy-five cents to Missouri River points, as I recall.

The CHAIRMAN. It is not claimed, is it, Mr. Norris, that any of this land in Vancouver has been purchased for pulp-wood purposes?

Mr. NORRIS. No; I did not know to what extent it might answer Mr. Stafford's inquiry about the Pacific coast.

The CHAIRMAN. Of course, there has been an immense speculation for years in timber lands in Oregon, Washington, and California, and a very great increase in the market values. Whether that has been recently set back by the 25 per cent increase in freight rates on lumber from the West, I do not know. They claim it has closed out their mills out there.

Mr. NORRIS. I have a statement here, which I will have to hold until to-morrow to locate the authorship of it, about the reservation of 600,000 acres in the White Mountain Reserve. Shall I go on now to the Canadian supply of pulp wood?

The CHAIRMAN. Of pulp wood?

Mr. NORRIS. Of pulp wood.

The CHAIRMAN. Yes. Will that take in that matter of the extra charge where pulp wood is exported into this country?

Mr. NORRIS. Just one minute, and I will be able to answer that question promptly.

The CHAIRMAN. I am anxious to get some information on that point. What effect would it have, suppose the tariff should be taken off wood pulp—

Mr. NORRIS. I think I have—

The CHAIRMAN (continuing). And all print paper, but there should then remain a charge of \$2 a cord, not tariff, but otherwise, on pulp wood exported from Canada to this country? That would put the manufacturers in this country at a tremendous disadvantage, would it not?

Mr. NORRIS. The Stevens bill expressly provides that this reduction could not apply to countries which placed an export duty on logs.

The CHAIRMAN. I know, but this is not an export duty, as I understand. That is what I am asking. I was told; I do not know. I have no information on the subject except what people tell me. Recently I was told that on some—

Mr. NORRIS. Here is the story which I promised to read to you.

The CHAIRMAN. All right.

Mr. NORRIS. Printed in The Paper Mill of December 30, 1907, headed "Canada's retaliation—It is worked out by provincial action—What Ontario has done and is doing." [Reads:]

The Toronto, Ontario, correspondent of the Boston Globe recently wrote to that paper as follows:

"The Dominion parliament has not taken a single step which can be regarded as a direct retaliation for the Dingley Act and the havoc it made for some time in the lumber business of Canada. Duties in many lines of imports from the United States were increased by the Fielding tariffs of 1897 and 1906; but these increases were at the instance of manufacturers who had a strong political pull at Ottawa, and not one of them can be described as in retaliation for the Dingley Act. Nor was the British preferential tariff of 1907, on which so many inroads were made between 1904 and 1907 at the instance of the Canadian Manufacturers' Association, in any sense a retaliatory measure against the United States. Its chief political object was to draw public attention in the Dominion away from the fact that the Liberal government at Ottawa—apart from the British preference—was adopting and extending the national policy which the Conservatives had originated in 1879—a policy which Laurier and Cartwright and all the leading Liberals for eighteen years had condemned with amazing pertinence and vigor. Not even the antidumping act of 1904 was a measure of retaliation for the Dingley Act. It was conceived chiefly in the interest of the rod mill of the Dominion Iron and Steel Company's plant at Sydney, Cape Breton, the output of which was meeting at that time what was regarded as unfair competition from the export company of the United States Steel Company. There has been no retaliation at Ottawa, and there is no law on the Dominion statute book to-day, passed since the Laurier government came into power in 1896, of which it can be said that it is a retaliatory measure against the United States.

"While nothing has been done at Ottawa, the provincial governments have been left free to act as they deemed best against the Dingley Act, but always within carefully defined limits. Ontario more than any other province has availed itself of its powers—powers which lie in the absolute control which the provincial legislature enjoys over Crown lands—and on the 16th of December next a third measure of retaliation will go into operation and will apply to a very large proportion of the 280,000,000 cords of pulp wood that are available in the areas of Nipissing, Algoma, Thunder Bay, and Rainy River.

"The first retaliatory action of the Province of Ontario dates back to December, 1897. It came within four or five months after the Dingley Act, with its unprecedentedly high duties on sawn lumber, went into operation. It took the form of an order-in-

council, which compelled the owners of timber limits leased from the Crown—in other words, from the Ontario department of Crown lands and forests—after April 30, 1898, to manufacture within the Dominion all lumber cut on these limits. In the fiscal year of 1896-97, the year that immediately preceded the order-in-council, 219,628,825 feet of logs had been rafted across the Lakes from Ontario to sawmills in Michigan and other States bordering on the Great Lakes. Many American lumbermen owned Ontario limits. There was consternation among them when the new order-in-council was issued from the provincial parliament house, and the order was the more irritating to these Michigan lumber interests because it was governmental action in retaliation for which not the slightest provision had been made in the Dingley Act.

"Had the Dominion government imposed an export duty on logs, the punitive clauses of the Dingley Act could have been put into operation against Canadian lumber exports. But action by the provincial governments, under their powers over Crown lands, had been overlooked by the clique of American lumbermen who were responsible for the framing of the lumber schedules in the Dingley Act. They were unfamiliar with the provisions and general working of the British North America Act; and retaliation by Provinces came upon them with a jarring and unpleasant shock. One firm of lumbermen at Lansing, Mich., objected that the act under which the new form of license to cut lumber on Crown lands was issued was in contravention of the original contract for the sale of the limits which the firm held from the Crown lands department. It went into the courts in Toronto and at Ottawa to make good its contention, only to learn, however, that the British North America Act places the management and sale of public lands and the timber and wood thereon in the hands of the Provinces. Since 1898 towing of saw logs from Ontario across the Lakes to the United States has come to an end so far as concerns logs cut on Crown lands; and many mills owned by American lumber firms have been established in Ontario for the manufacture of boards, deals, joists, laths, and shingles; and the product of these American-owned mills, when it goes into the United States, pays the high duties in the lumber schedule of the Dingley Act.

"The next retaliatory order in council was issued in May, 1900, and under its provisions no hemlock bark cut on Crown lands in Ontario for use in the tanning of leather or in any other manufacturing process can be shipped beyond the Dominion. Lumbermen in Ontario have long complained that this change in the policy of the Crown lands department has put them completely in the power of the tanners' combine; and of late there has been so much agitation of the question that there is every probability that at the next session of the provincial legislature the order in council of May 4, 1900, and its working will be carefully reviewed.

"The third of these retaliatory measures went into force on the 16th of October last, when the Crown lands department, in issuing advertisements for the sale of rights to cut pulp wood on government lands, notified would-be tenderers that in addition to paying Crown dues they will be required to establish mills in which the pulp wood must be manufactured into paper. These tenders, which are for areas in the Nepigon River, Thunder Bay, and Rainy River districts, are to be opened on the 16th of December. Much interest attaches to them because of the recent vigorous agitation by paper makers at Three Rivers and other centers of the industry in Quebec for the enactment at the coming session of the Dominion Parliament of a law imposing a heavy export duty on pulp wood shipped from any of the Provinces to the United States.

"Such an enactment by Parliament at Ottawa would automatically bring into operation the punitive clause in the Dingley Act, which was embodied in it to meet any such action by the Ottawa government as that now urged by the Canadian paper makers."

That is part of the information which you wanted.

The CHAIRMAN. You say the effect of this first order of council referred to is to prohibit the export of any—

Mr. NORRIS. Of any pulp wood.

The CHAIRMAN. Is it confined to pulp wood?

Mr. NORRIS. What is that?

The CHAIRMAN. Is it confined to pulp wood?

Mr. NORRIS. That is what I understood, or lumber.

The CHAIRMAN. Yes; it prohibits the export of any lumber.

Mr. NORRIS. Unless it has been manufactured within the Province.

The CHAIRMAN. In other words, that is to say, the raw logs can not

be exported in any way; that is, it would cover pulp, of course, in every way; you can not export it at all from the Crown land.

Mr. NORRIS. Is not that in Quebec? Ontario has prohibited the cutting of wood on Crown lands in Ontario. [Reads:]

Much interest attaches to them because of the recent vigorous agitation by paper makers at Three Rivers and other centers of the industry in Quebec for the enactment at the coming session of the Dominion Parliament of a law imposing a heavy export duty on pulp wood shipped from any of the Provinces to the United States.

The third of these does refer to special purchasers of rights in Nepigon and other concessions.

The CHAIRMAN. That requires them to manufacture the paper. When was this first order of council issued?

Mr. NORRIS. December 18, 1897, within five months after—four or five months after the passage of the Dingley bill.

The CHAIRMAN. That has been in force all these years, then?

Mr. NORRIS. Yes, sir.

The CHAIRMAN. So that the large increase—

Mr. NORRIS. In exports has been entirely from the Province of Quebec, and I think some that has come from private lands in Ontario, but not much, as I gathered. I understand that the Wisconsin mills were forced to send into Quebec to buy the logs which they wanted, and to practically haul them 1,200 miles.

Mr. SIMS. The acts prohibiting apply only to Crown lands in Ontario?

Mr. NORRIS. Yes, sir.

Mr. SIMS. And not to private lands.

The CHAIRMAN. Well, it is 5 o'clock, practically, Mr. Norris. We have some matters here to figure on, and I think we had better adjourn until the morning.

(Thereupon, at 4.45 o'clock p. m. the committee adjourned until to-morrow, Wednesday, May 6, 1908, at 10 o'clock a.m.)

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,
Wednesday, May 6, 1908.

Committee called to order at 10.10 a. m., Hon. James R. Mann
(chairman) presiding.

STATEMENT OF MR. FRANK P. MACLENNAN, OF TOPEKA, KANS.

[The witness was duly sworn by the chairman.]

The CHAIRMAN. You may state your name and residence.

Mr. MACLENNAN. Frank P. MacLennan, Topeka, Kans.

The CHAIRMAN. You are a newspaper publisher, Mr. MacLennan,
and of what paper?

Mr. MACLENNAN. Yes; of the Topeka Daily State Journal.

The CHAIRMAN. Have you a contract for print paper?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. Have you the contract with you?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. Can you furnish it to the committee?

Mr. MACLENNAN. I will, certainly.

The CHAIRMAN. Let me see the contract, please.

Mr. MACLENNAN. My present contract?

The CHAIRMAN. Yes.

Mr. MACLENNAN. Mr. Chairman, may I be permitted to make a
statement?

The CHAIRMAN. Certainly; and we would prefer to have the testi-
mony given in that shape, Mr. MacLennan.

Mr. MACLENNAN. Well, with your permission, I would like to take
up the matter in three different sections. First, I would like to give
my experience with the paper combinations. Second, I would like
to present orally and in writing the figures covering original vouchers
and contracts on the price of white paper as made to me ten years
ago, namely, the fall of 1897, and last fall, with some figures in the
intervening years. Third, I would like to review as tersely and
briefly as possible, and it will not consume any great length of time,
the figures that have been presented to a member of the Ways and
Means Committee of the House, Mr. Calderhead, from my State, cov-
ering the selling price of news-print paper for a period of twenty-five
years or more, and I would like the privilege of showing that in very
many respects those figures are wholly false and unreliable as com-
pared with the selling prices of white paper given to me during the
same years. After I have covered those three points I am willing to
answer any questions to the best of my ability upon any subject of
which I may have knowledge.

The CHAIRMAN. The committee would be very glad to have you
give that testimony, but I understood that you were to give testimony

in reference to your own prices. We have some other gentlemen here who are in the publishing business, and who may not desire to go so fully into the questions.

Mr. MACLENNAN. It will only require a few minutes.

The CHAIRMAN. All we wish to do is to accommodate the gentlemen here, and to occupy the least time possible. We would be very glad to have all of the information that you have—

Mr. MACLENNAN. I simply want to give the information and the vouchers to substantiate and corroborate most of the statements that I will make.

The CHAIRMAN. You may proceed.

Mr. MACLENNAN. Fortunately I happened to be present in New York in the early part of the year 1898 when the International Paper Company was formed. I was there to attend a meeting of the American Newspaper Publishers' Association, and was honored with an invitation to the first banquet of the Paper and Pulp Association, which was given the same week. At that dinner the souvenir of the occasion was a papier-maché wasp's nest, and it was labeled "The first paper maker." It was about the size of one's fist, and on top of this papier-maché wasp's nest was a wasp. The papier-maché nest covered a portion of the ice cream—this was the cold part of the proposition. On the outside was the wasp, and in my opinion we were given some ice cream to cool our excitement, and we were also stung by the wasp.

Now, we were told at this time that this combination of paper mills would result in great economies in the matter of making sales and elimination of unnecessary salesmen covering each individual mill. The publishers were told not to be excited, as the combination would inure to their benefit in the end. My contract for paper at that time was \$1.34 per hundred pounds at the mill. The contract which was then running covered a period of eight months from August 1, 1897, to March 1, 1898. It specified that the price delivered in Topeka, Kans., should be \$1.77½. The original vouchers that I have with me show that. The original vouchers also show that the freight rate from the mill to my town was 39 cents. The vouchers also show that I was to be allowed a discount of 3 per cent for cash, making the net price to me \$1.34 and a fraction at the mill.

Mr. MILLER. What year was that?

Mr. MACLENNAN. The contract was made in September, 1897, or it took effect in September, 1897. I am speaking now of February, 1898.

At the time of the meeting of the American Newspaper Publishers' Association and the paper and pulp makers, they met in the same week at the Waldorf-Astoria Hotel, New York. When my contract expired, I was unable to renew it at that price, and the best I could do in making a new contract was \$1.85 at the mill. I believe that on that price there was the usual discount of 3 per cent. It was customary during those years to grant a discount of 3 per cent, but during the last five years, in my experience, the prices have been made net. The discounts, however, would only make a difference of about 4 cents per hundred pounds. But \$1.85 was the best I could do. That was an advance of 51 cents per hundred pounds over what I had been paying upon my previous contract. However, with the discount the price would be \$1.81, which would make, instead of 51 cents, 47 cents net; in other words, there was an advance to me after

the formation of the International Paper Company of 47 cents net per hundred pounds at the mill. That contract, however, specified that I should be given the benefit of any decline. About that time such contracts were made. But a few years later it was impossible for me to get a contract that would guarantee me against decline.

Touching the matter of paper combination, the combination of paper sellers, I would like to skip a few years. I will go back to the figures later, and say that in the latter part of 1903, about five years ago, four years ago last fall, my paper contract was expiring, and I was seeking a renewal. I was consuming at that time about 1 ton per day. My credit was good, I was out of debt, and my paper was easily handled. The broker, as I understand it, did a little clerical work, they put in the order at the mill, it was shipped to me, and the broker never saw the paper. Now, notwithstanding the fact that I thought my business was valuable to paper sellers and paper makers, it was impossible for me to procure a figure at the solicitation of more than one paper seller, namely, the Graham Paper Company of St. Louis, Mo. I was visited by Mr. W. S. Matthews, the gentlemanly representative of that company, and he endeavored to make a new contract with me. The price he asked was \$2.23 at the mill, or \$2.55 delivered in Topeka. He would not make me a price at the mill, and I am giving this from my own calculation. The only price he would make was a delivered one, which was \$2.55 f. o. b. cars Topeka, Kans. I told him that I wanted to make a contract for paper at a satisfactory price at the mill because I was convinced that the freight rate was too high, and my paper and other papers were agitating the reduction, and when the reduction came I wanted to get the benefit of that freight rate, and did not want it to go to a selling agency. But he absolutely refused to make me any price but a delivered one, and I had no propositions from any other concerns. In fact, as it developed, I was the Graham Paper Company's pie, and no one else was going to eat any part of my pie. I was indignant because I should not be permitted to go out and have open competition. I went to Chicago and endeavored to get prices. I visited a Chicago representative, I believe it was of the General Paper Company, and I was quoted a price a trifle higher, something like 1 cent per hundred pounds, than the Graham Paper Company had quoted me.

The CHAIRMAN. Your testimony would be of a little more value if you stated who visited you, if you can.

Mr. MACLENNAN. I will. I visited the General Paper Company and a representative of that paper with whom I talked was Mr. A. C. Allen, who I believe was the assistant sales agent. I saw that it was useless apparently for me to obtain any figures lower than the Graham Paper Company figures, so I returned to Topeka, and visited Kansas City, Mo. Before going to Kansas City, however, I returned to Topeka, and there again met Mr. Matthews, a representative of the Graham Paper Company, and also another representative of the Graham Paper Company who was a traveling representative. They both urged me to make a contract with them, and said that I would surely regret it if I did not. They understood I was trying to deal with some mill which was not represented by them, and they said, "If you make your contract with some one mill, and there is trouble, a strike or tie up or a shut down, you will be handicapped in your supply, and you may not

be able to secure paper necessary to get out your issue, so you should contract with us."

I refused to make a contract of that kind at that time, but went to Kansas City, Mo., where the Kansas City Star had a paper mill and was making paper for its own use. I talked with Mr. W. R. Nelson, the proprietor of the Star, and the business representative, Mr. August Seested; told them the facts as I found them, and I said, "Mr. Nelson, will you supply me with my paper if I can not secure the kind of contract that I want—one that will permit me to get the benefit of the freight rates, and other terms that I believe are fair?" I said, "I am using about a ton a day." Mr. Nelson said, "I will do it." He asked me what quotations had been made me, and I told him equivalent to \$2.23 at the mill. He said, "I will furnish you all the paper you want on the basis of a ton a day for a year at \$2.43," which is simply 12 cents less than \$2.55, which was the price including the freight rate from Kansas City to Topeka. I went back to Topeka, and I later saw a representative of the Graham Paper Company, who asked me if I was ready to make a contract. I told him I was not. I had a written statement, and I have it with me, from Mr. W. R. Nelson, agreeing to contract with me for \$2.43 f. o. b. Kansas City; that the contract would be made with me if I desired to accept it. I accepted it, and for over a year I received my paper from the Kansas City Star.

The CHAIRMAN. In what year were all of these transactions?

Mr. MACLENNAN. This transaction was in the latter part of the year 1903, with the Star, but my contract with the Star began in January, 1904, and I used the Kansas City Star paper—

The CHAIRMAN. That was at \$2.43?

Mr. MACLENNAN. At \$2.43 in Kansas City. They simply took my delivered price and deducted the freight rate; in other words, I was not getting a lower price, but I was getting the paper through an independent source and I was permitted to get the benefit of any reduction in freight. The high freight rate was not east of the Missouri River, but was between Kansas City and Topeka. The freight rate from the mill to Kansas City was 27 cents for about 500 miles. The freight rate from Kansas City to Topeka, 67 miles, was 12 cents; in other words, we were paying a much larger proportion than I thought we should pay.

The CHAIRMAN. By the way, has that been materially changed since the passage of the Hepburn rate law?

Mr. MACLENNAN. By the way, I should correct that statement. There had been a previous reduction, and the rate was 32 cents instead of 39 cents, but there had been no change from Kansas City to Topeka. It was 12 cents. It used to be 27 and 12, and it was that up to 1902, but at this time of which I speak, 1904 and 1905—that is, December and January—the freight rate was 32 cents.

The CHAIRMAN. From where to where?

Mr. MACLENNAN. From the mills in Wisconsin. The rate had been changed east of the river. In other words, the rate, instead of being 39 cents, a combination of 27 and 12 cents, was a combination of 20 cents and 12 cents, and had been reduced 7 cents east of the river, but nothing west of the river.

Now, in 1906 we received a reduction of 2 cents from Kansas City to Topeka, which made the rate 10 cents instead of 12 cents, and that rate prevails to-day—that is, it is 30 cents; 20 cents from the

mills to the river and 10 cents from Kansas City to our town, making a total rate of 30 cents, but I have been notified by the railway company—at least by the Santa Fe company, of our town—that on the 21st of this month the rate will be further reduced to 25 cents for a through rate from the Wisconsin mills to Topeka. They do not propose to reduce the local rate from Kansas City to Topeka, but on a through rate they will make it 25 cents instead of 30 cents, which is equivalent, so far as practical purposes are concerned, however, to a reduction to us of the rate between Kansas City and Topeka of from 10 cents to 5 cents per hundred pounds, which is the most equitable rate we have had in my recollection between those points, and that has been the keynote of the rate. The high rate has always been west of the Missouri River.

Now, to return, I secured my paper from the Kansas City Star until some time during the year 1906.

Mr. STAFFORD. Referring again to the rate, that will make a total reduction when the new rate goes into effect of 14 cents per hundred pounds below what you were paying in 1902. You reported first a rate of 39 cents in force in 1902, but now you say it is a reduction of 14 cents?

Mr. MACLENNAN. Fourteen cents; that is, it will go into effect on the 21st of this month. The rate now in force is 30 cents, as against 39 cents.

Mr. STAFFORD. Then instead of there being a reduction from 10 cents to 5 cents, there is a 14-cent reduction?

Mr. MACLENNAN. I tried to explain that. There is no reduction between Kansas City and Topeka; I think I have covered that point. If you will ask me a question I will try to answer it.

Mr. STAFFORD. I understood you to say that there was a reduction of from 10 cents to 5 cents, while from the figures you have given us there would be apparently a reduction of 14 cents per hundred pounds from the mill to Topeka.

Mr. MACLENNAN. As I understand it there has been no change whatever in the rate a paper in Kansas City would pay from Wisconsin to Kansas City, that it will still remain 20 cents. Our rate is 30 cents, which is 20 cents plus 10 cents, but on the through rate they are going to grant us a rate of 25 cents instead of 30 cents from the Wisconsin mills to Topeka. Up to the present time the rate to Topeka has been the rate to Kansas City plus the local rate from Kansas City to Topeka. That has been so ever since I can remember. It is so to-day, and will be until the 21st of May, and then it will be changed and based upon the through rate.

Now, in September, 1906, I made a new contract for paper. I stopped getting paper from the Kansas City Star. They were supplying me largely as a matter of accommodation, as I understand it, and they still were willing to continue the business, but we use half tones in the State Journal and the Kansas City Star does not, so we required a finished paper in order to get results; and the Star specified that if I took paper from them I must take the same paper that they used for themselves. So on the whole I decided that I would place a contract with the General Paper Company.

The CHAIRMAN. When was this?

Mr. MACLENNAN. I said 1906. I should have said 1905. It was in 1905, in October, that I placed a contract with the General Paper

Company. Meanwhile the Government had begun the prosecution of the General Paper Company, and you know that it resulted in the dissolution of that company; and while my contract was still in force with the General Paper Company, it was assigned to the mill from which I was receiving the paper.

The CHAIRMAN. Have you with you the contract with the General Paper Company?

Mr. MACLENNAN. Yes; I have.

The CHAIRMAN. Will you let us have that?

Mr. MACLENNAN. Yes. You mean the contract that I made at that time, the new contract?

The CHAIRMAN. Either one of them. We have not seen any contracts yet.

Mr. MACLENNAN. Here is my contract with the General Paper Company, dated June 10, 1905. I stated that this contract was of October, 1905. The reason I so stated was because I wired my office on Sunday to send me certain receipted bills and the contracts for each year. They sent me a receipted bill for October, 1905, which was during the life of this contract. The contract itself was made in June, but it was effective from the 1st day of September, 1905, to the 1st day of September, 1906; but before this contract was completed the General Paper Company dissolved. This is the contract which you wish to have, and it is at your service [hands contract to the chairman].

That contract was for \$2.25, delivered in Topeka. The freight rate at that time was 32 cents, making the net price \$1.93 without discount at the mill.

The CHAIRMAN. What is this piece of newspaper in connection with the contract?

Mr. MACLENNAN. That is a sample of the paper. This is a sample of the color and quality, and it is a part of the contract.

The CHAIRMAN. Unfortunately we can not put it in the record.

Mr. MACLENNAN. It is essential to the contract because the contract specifies the paper.

The CHAIRMAN. We do not care for that. The contract may be put in the record.

Following is the contract referred to:

Agreement made this tenth day of June, 1905, between General Paper Company, a corporation organized under the laws of the State of Wisconsin, hereinafter called the manufacturer, party of the first part, and Frank P. MacLennan, Topeka, Kansas, hereinafter called the purchaser, party of the second part.

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other and of the sum of one dollar and other good and valuable considerations, each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser and the purchaser hereby agrees to purchase from the manufacturer and receive, for use in the publication of the Topeka State Journal, a newspaper published in the city of Topeka, Kansas, and for its continuous use during one year, from September 1st, 1905, to September 1, 1906, four hundred (400) tons, with a leeway of 5% over or under, in quantity per year, of standard roll print, which will be substantially of the same average quality as sample attached hereto. Shipments shall be at the rate of about 31 tons per month. Paper shall be run on the following basis of weight, viz: 24x36, 32 to 500 sheets, and as near the ordered weight as practicable, but with a leeway to the manufacturer of two (2) pounds under or over said basis, without reference to a production basis. 33 $\frac{1}{2}$ " 550#—50 $\frac{1}{2}$ ", 800#. Width of rolls, 33 $\frac{1}{2}$ in. & 50 $\frac{1}{2}$ in. Wood cores, —, iron cores, 3". Dia. or approx. wght. of rolls, 550 lbs. & 800 lbs.; dia. of cores. —.

If iron cores are required, return freight on same to be paid by the manufacturer, or if retained, a charge of forty (40) cents per foot shall be accepted by the purchaser. Wood cores to be returned at option of manufacturer.

Kind of press, Goss, 2 deck.

No claims for visibly damaged paper shall be entertained by the manufacturer unless the purchaser states in his railway receipt that same was received damaged and paper set aside for railway's inspection. Should the paper prove so seriously defective as to prevent its use, the manufacturer shall be advised of same at once and the paper held for disposition.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper delivered under this contract as above two & 25/100 dollars (\$2.25) per hundred pounds f. o. b. Topeka, Kansas, actual gross weight of the rolls, including paper, wrappers, and twine, but excluding the weight of the cores.

Third. The terms of payment shall be net cash in Chicago or New York exchange.

Payments to be made on the 15th of each month for all paper shipped the preceding month.

This contract is subject to suspension on notice during the disablement of either party by reason of strikes, floods, fires, or any causes beyond the control of the manufacturer or purchaser, without liability to manufacturer or purchaser.

In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, or fail to make settlement as provided, the manufacturer may, at his option, cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract; but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

The first car under this contract shall be shipped on or about the September 1st, and on all subsequent shipments 30 days' notice to ship shall be given by the purchaser.

This contract executed in duplicate.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

GENERAL PAPER Co.
By A. C. ALLEN,
Manufacturer.

FRANK P. MACLENNAN,
Purchaser.

The CHAIRMAN. You said that you had a bill which you received under that contract—

Mr. MACLENNAN. Would you like to have that bill? There is the bill under that contract dated October 17, 1905.

The CHAIRMAN. It may be handed to the stenographer, and will be put in the record.

Following is the bill referred to:

[Invoice No. 79859.]

GENERAL PAPER COMPANY,
Rooms 1012-1020, MERCHANTS LOAN AND TRUST BUILDING,
135 Adams Street, Chicago, Ill., October 17, 1905.

Sold to Frank P. MacLennan, Topeka, Kans.

Your order No.
Mill order No. 3943.
Our order No. 73712.
Car No. 39424; Initial St. Paul.
Shipped via A. T. & S. F.
From No. 8. Contract No. 1340.

Terms net cash Nov. 15th, days net.
If this invoice is remitted for on or before — days from date a discount of — per cent allowed. All invoices to be settled monthly by cash. Payable in funds current in Chicago or New York.

STANDARD NEWS:

50 rolls 50½", No. 40900, at \$2.25..... \$920.25

We allow no discount on this invoice.

Iron cores.

F. o. b. Topeka, Kans.

To Topeka Daily State Journal Co., Topeka, Kans.

Prepaid frt.

[Stamp:] Paid Nov. 15, 1905. General Paper Co., per L. M. Alexander, Treas.

(FORM 1875, REGULAR.)—*Freight bill.*

Freight bill No. 4715

Santa Fe via K. C. O. M. St. P. Ry. Co.

TOPEKA TRANSFER & STORAGE CO.,
406 E. 6TH STREET,
Topeka, Oct. 23, '05 D.

Top State Journal to the Atchison, Topeka & Santa Fe Railway Co., Dr.:

Drayage charged.

Way-bill.		Car.		From.	Original point shipment and consignor.			
Date.	Number and series.	Initials.	Number.					
10/17	16	C. M. St. P.	39424	Port Edwards, Wis.....	J. E. Mfg. Co.			
For freight and charges on—				Weight.	Rate.	Freight.	Advances.	Total.
50 rolls paper orrel.....				42,400	32	135	68	Ppd.

[Stamp:] The A. T. & S. F. Ry. Co., received payment Oct. 23, 1905, W. C. Garvey, Agent.

Mr. MACLENNAN. I have attached the freight bill to that, which shows that the rate is 32 cents, and shows that the amount was \$135.63; that the charges were prepaid—that is, that the General Paper Company paid the freight on them. They made their delivered price \$2.25, and they paid the freight.

The CHAIRMAN. Under that contract what was the price to you f. o. b. in Topeka?

Mr. MACLENNAN. \$2.25, as I have testified.

The CHAIRMAN. What would be the net price at the mill?

Mr. MACLENNAN. \$1.93; 32 cents less.

The CHAIRMAN. Referring to that contract, I hold in my hand what you say is a sample of the paper. What is the quality of this paper?

Mr. MACLENNAN. That is what is called good white No. 2 news. It is a paper that is generally used by the daily papers of the country.

Now, continuing the statement, I stated that when the General Paper Company was dissolved my contract was turned over to the mill from which I had been receiving my paper—namely, the John Edwards mill, of Wisconsin.

The CHAIRMAN. How long did that contract run, and to when?

Mr. MACLENNAN. You have it in your hand.

The CHAIRMAN. No; I have not—yes, I see; to September 1, 1906. Did you have contracts dated after September 1, 1906, and with whom?

Mr. MACLENNAN. I will say to you that we received correspondence from the General Paper Company to the effect that the company had been dissolved, and they would turn over the remainder of my contract to the John Edwards Manufacturing Company, of Port Edwards, Wis., which would supply me on the same terms as the General Paper Company had supplied me; and I have here the first bill, at least I think it is the first bill—at any rate it is a bill from the John Edwards Company of September 25, 1906, covering the same period during which I had a contract with the General Paper Company; and I

would like, if you care for that, to submit it. It simply shows the same price as that billed from the General Paper Company.

The CHAIRMAN. What price is that?

Mr. MACLENNAN. \$2.25 delivered in Topeka, freight prepaid; 32 cents freight, the same as the other.

The CHAIRMAN. It is not necessary to put all of those bills in the record unless there is something important about them especially. Who did you have a contract with after September 1, 1906, and at what rate?

Mr. MACLENNAN. Mr. Mann, may I interrupt you a moment?

The CHAIRMAN. We are waiting on you.

Mr. MACLENNAN. Well, I have this letter from the General Paper Company, saying that they had withdrawn from the field, if you would like to have that; the letter also saying that the John Edwards Company would supply my needs.

Mr. MILLER. Please read the letter.

Mr. MACLENNAN (reads):

CHICAGO, ILL., May 11, 1906.

Mr. FRANK P. MACLENNAN, Topeka, Kans.

GENTLEMEN: The General Paper Company has withdrawn from the field as a selling agency and your contract with the General Paper Company has been assigned to John Edwards Manufacturing Company, for Topeka State Journal, Topeka, Kans., the mill heretofore supplying you with paper under that contract, and John Edwards Manufacturing Company, has accepted such assignment and will in future, as heretofore, supply you with paper in accordance with the terms and conditions of said contract and bill such paper direct and make collections direct.

Yours, truly,

JOHN EDWARDS MANUFACTURING COMPANY,
By S. M. ALEXANDER, President.

In reply to your question asked me whether I made a contract after the expiration of the contract under discussion I will say that a contract was entered into on the 24th day of September, 1906, to be effective November 1, 1906, and in force for fourteen months, namely, to the 1st of January, 1908, with John A. Davis & Co.

The CHAIRMAN. They were practically the successors of the General Paper Company?

Mr. MACLENNAN. Mr. John A. Davis was general sales agent and practically general manager of the General Paper Company.

The CHAIRMAN. Will you put that contract in evidence?

Mr. MACLENNAN. Yes. This also has attached to it the quality of paper.

Following is the contract referred to:

Agreement made this 24th day of September, 1906, between John A. Davis & Co., a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and Topeka State Journal (Frank P. MacLennan), hereinafter called the purchaser, party of the second part,

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other and of the sum of one dollar and other good and valuable considerations each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows; that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser and the purchaser hereby agrees to purchase from the manufacturer and receive for use in the publication of the Topeka State Journal, a newspaper published in the city of Topeka, Kansas, and for its continuous use during 14 months, from November 1st, 1906, January 1st, 1908, four hundred and twenty tons (420) tons, with a leeway of 5% over or under in quantity per year, of standard roll print, which shall be substantially of the same average quality as sample attached hereto. Shipments shall be at the rate of about 30 tons per month. Paper shall be run on the following basis of weight, viz: 24 x 36,

32# to 500 sheets, and as near the ordered weight as practicable, but with a leeway to the manufacturer of two (2) pounds under or over said basis, without reference to a production basis. Width of rolls, 50½" and 33½"; dia. or approx. wght. of rolls, 800# and 550#. Wood cores,——; iron cores, yes; dia. of cores, 3".

If iron cores are required, return freight on same to be paid by the manufacturer, or if retained a charge of forty (40) cents per foot shall be accepted by the purchaser.

Wood cores to be returned at option of manufacturer.

Kind of press, Goss, 3-deck.

No claims for visibly damaged paper shall be entertained by the manufacturer unless the purchaser states in his railway receipt that same was received damaged and paper set aside for railway's inspection. Should the paper prove so seriously defective as to prevent its use the manufacturer shall be advised of same at once and the paper held for disposition.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper delivered under this contract as above two and 21/100 dollars (\$2.21) per hundred pounds f. o. b. cars Topeka, Kas., actual gross weight of the rolls, including paper, wrappers, and twine, but excluding the weight of the cores.

Third. The terms of payment shall be net cash the 15th day of each month for all paper shipped the preceding month.

This contract is subject to suspension, on notice, during the disablement of either party by reason of strikes, floods, fires, or any causes beyond the control of the manufacturer or purchaser, without liability to manufacturer or purchaser.

In case the purchaser shall fail to pay any amounts due hereunder, or any note or notes given in settlement, at maturity, or fail to make settlement as provided, the manufacturer may, at his option, cancel this contract and refuse to furnish any more paper hereunder and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract; but the purchaser shall remain, liable to the manufacturer for all loss and damage sustained by reason of such failure.

The first car under this contract shall be shipped on or about when wanted, and on all subsequent shipments 30 days' notice to ship shall be given by the purchaser.

This contract is executed in duplicate.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

JOHN A. DAVIS & Co.,
By A. C. ALLEN,
Manufacturer.
FRANK P. MACLENNAN,
Purchaser.

The CHAIRMAN. Is the quality of the paper the same as that in the contract with the General Paper Company?

Mr. MACLENNAN. Yes, sir; practically the same, as near as I can see.

The CHAIRMAN. What is the price named in that contract?

Mr. MACLENNAN. The price named is \$2.21 f. o. b. cars, Topeka, Kans.

Now, the freight rate at that time was 30 cents, making the net price at the mill \$2.21 less 30 cents, or \$1.91. I will say that before this contract was completed there were two other changes made. The firm of John A. Davis Company was succeeded by A. C. Allen & Co. Mr. Allen is the gentleman I referred to in the former part of this testimony as being the man with whom I talked some years previously when I discussed the matter of a contract with the General Paper Company. The other change made was that A. C. Allen & Co., during the life of this contract which I have just placed in the record, informed me that they desired that instead of dealing with them I should thereafter make my remittances direct to the Itasca Paper Company, of Grand Rapids, Minn., and send them duplicate copies of the letters that I wrote to the Itasca Paper Company, and we did so. Thereafter our remittances, which had been made formerly to A. C. Allen & Co., were made direct to the Itasca Paper Company.

When this contract expired, namely, January 1, 1908—or rather anticipating the expiration of this contract, which was the first of the present year—I opened negotiations in the fall of 1907, last fall, with the Itasca Paper Company, asking them if they could not continue to supply me paper direct; that I saw no reason why I should deal through A. C. Allen & Co. or any other broker; that I could see no advantage in that. Meanwhile A. C. Allen & Co. endeavored to renew the contract with me. I received a number of letters from them, but continued my negotiations with the paper company direct. I saw that there was considerable delay in replies from the mill, and finally the mill wrote me a letter and said, "Do you prefer to deal through a selling agency or the mill direct?" I said that I preferred to deal with the mill direct. There was some slight further delay, and I wrote the Itasca Paper Company emphatically that I would not deal with the paper brokers; that I wished to deal with them. Meanwhile I will say that the lowest price that I could get from A. C. Allen & Co. was \$2.40 at the mill. They did not make me a price at the mill, but they made me a delivered price. The freight rate at that time—

The CHAIRMAN. What was the lowest delivered price they made you?

Mr. MACLENNAN. \$2.70. The freight rate at that time was 30 cents. I conferred with other publishers, one publisher particularly, and if you want his name I will give it to you.

The CHAIRMAN. That is what we want.

Mr. MACLENNAN. I talked with Mr. Hal Gaylord, of the Kansas City Journal, when I was trying to make a new contract for the year 1908, and I asked him what I ought to pay. He said, "We have negotiated for several months, and we have finally concluded a contract with A. C. Allen & Co. for \$2.60 at Kansas City, equivalent to \$2.40 at the mill." He said, "If you can get a rate equivalent to \$2.40 at the mill, take it, because I think paper is going to be scarce." This was, as near as I can recall, in September last, either September or October. I went home and made up my mind that I would probably have to pay \$2.70 Topeka, which was 70 per cent higher than I had paid for paper just ten years before, because ten years before I had paid at the mill \$1.34 net, and the price they were asking me was \$2.40 net, which I figured was an advance of 70 per cent in the price quoted me last fall over the price I had paid ten years previously from September 1, 1897, to March 1, 1898. I was discouraged for the reason that I was using about 1½ tons of paper a day, and I figured that it would make a difference to me of over \$300 per month in the price I had paid last year, 1907. But I saw no way that I could make up that difference except by an effort to economize in expense, and increase the volume of my business. Our competition was such that we could not raise the rate of our paper above 10 cents per week in Topeka, and above \$3.60 by mail, for the reason that the Kansas City Star was delivering 13 papers in Topeka for exactly the same price that I was compelled to get for 6 papers, and the Kansas City Star was supplying its subscribers by mail 13 papers, 6 evening and 7 morning, including Sunday, for \$5.20 a year.

The competition was also strong in Topeka. The morning paper was issuing papers, 7 papers a week, and charging 10 cents per week, and I was endeavoring to get 10 cents for 6 papers. So I decided to make a further effort to deal with the mill of the Itasca Paper Company, with whom I had had very satisfactory relations, and which

mill had treated me with consideration under their contract. Of course I felt that the new rate they proposed was very high, but I had had no difficulty with the paper, it had been of good quality, and they have never failed to supply me in season.

If you will turn back to my evidence——

The CHAIRMAN. Do not turn back too often until you get through with some one proposition.

Mr. MACLENNAN. I continued my negotiations with the paper mill, and finally they made me a rate——

Mr. MILLER. What company was it?

Mr. MACLENNAN. The Itasca Paper Company, from whom I had been getting paper through A. C. Allen & Co., and to which company A. C. Allen & Co. had turned over my contract and asked me to deal with directly and send them copies of letters.

The CHAIRMAN. You finally made a contract which you produce in evidence, dated November 21, 1907, running from January 1, 1908, to January 1, 1909, for 500 tons of paper at a rate of \$2.60, delivered f. o. b. cars Topeka, Kans. We will insert that contract in the record.

Following is the contract referred to:

Agreement made this twenty-first day of November, 1907, between Itasca Paper Company, a corporation organized under the laws of the State of Minnesota, hereinafter called the manufacturer, party of the first part, and Topeka Daily State Journal (Frank P. McLennan), Topeka, Kansas, hereinafter called the purchaser, party of the second part.

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable considerations, each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other, as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser and the purchaser hereby agrees to purchase from the manufacturer and receive for use in the publication of the Kansas Topeka State Journal, a newspaper published in the city of Topeka, and for its continuous use during one year, from January 1st, 1908, to January 1st, 1909, five hundred tons (500) tons, with a leeway of 5 per cent over or under, in quantity per year, of standard roll print, which shall be substantially of the same average quality as sample attached hereto. Shipments shall be at the rate of about 40 tons per month. Paper shall be run on the following basis of weight, viz: 24 x 36 32 to 500 sheets and as near the ordered weight as practicable, but with a leeway to the manufacturer of two (2) pounds under or over said basis, without reference to a production basis.

Width of rolls 50½" and 33½". Wood cores —— Iron cores yes. Dia. or approx. wght. of rolls 800 and 550 pounds. Dia. of cores 3".

If iron cores are required, return freight on same to be paid by the manufacturer, or if retained a charge of forty (40) cents per foot shall be accepted by the purchaser.

Wood cores to be returned at option of manufacturer.

Kind of press, Goss, 3 deck.

No claims for visibly damaged paper shall be entertained by the manufacturer unless the purchaser states in his railway receipt that same was received damaged and paper set aside for railway's inspection. Should the paper prove so seriously defective as to prevent its use the manufacturer shall be advised of same at once and the paper held for disposition.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper delivered under this contract as above two and 60/100 (\$2.60) dollars per hundred pounds f. o. b. cars Topeka, Kansas, actual gross weight of the rolls, including paper, wrappers, and twine, but excluding the weight of the cores.

Third. The terms of payment shall be net cash, on the 15th day of each month, in Chicago or New York exchange, for all paper shipped the preceding month.

This contract is subject to suspension, on notice, during the disablement of either party by reason of strikes, floods, fires, or any causes beyond the control of the manufacturer or purchaser without liability to manufacturer or purchaser.

In case the purchaser shall fail to pay any amounts due hereunder, or any note or notes given in settlement at maturity, or fail to make settlement, as provided, the

manufacturer may, at his option, cancel this contract and refuse to furnish any more paper hereunder and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract; but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

The first car under this contract shall be shipped on or about January 1st, 1908, and on all subsequent shipments 30 days' notice to ship shall be given by the purchaser.

This contract is executed in duplicate.

In witness whereof, the parties hereto have hereunto set their hands and seals the day and year first above written.

ITASCA PAPER CO.,
By A. C. BOSSARD, *Mgr. & Tr.,*
Manufacturer.

FRANK P. MACLENNAN,
Propr. Topeka Daily State Journal,
Purchaser.

Mr. MACLENNAN. That contract is 11 cents lower than the delivery at the mill, and equivalent to \$2.29 at the mill. I have not explained that they were giving me the benefit of the broker's commission.

The CHAIRMAN. What was the rate that you had with the Kansas City Star?

Mr. MACLENNAN. It was equivalent to \$2.55 delivered in Topeka.

The CHAIRMAN. And that quality of paper you say was not satisfactory for your purposes?

Mr. MACLENNAN. No, sir; the quality was satisfactory, but I wanted another finish.

The CHAIRMAN. Was the quality of paper that you desired more or less expensive to make than the quality of paper that the Kansas City Star furnished you?

Mr. MACLENNAN. There was no difference practically. The paper makers make no difference in the price, and the paper was satisfactory to me with the exception that I thought we could get better results with a smoother paper. It does not cost any more.

The CHAIRMAN. No difference in the expense?

Mr. MACLENNAN. No difference in the expense whatever. The paper mills, in my experience, will finish the paper as you desire without additional charge, but the Kansas City Star did not want a smooth finish—

The CHAIRMAN. Have you the contract which you had in force in 1897 when you were getting paper on the basis of \$1.34 at the mill?

Mr. MACLENNAN. I have the vouchers covering that, and I have a copy of the contract.

The CHAIRMAN. Will you produce a copy of the contract which you say is a correct copy?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. Let us have it.

Mr. MACLENNAN. I wired for the contract, but they were unable to find it, although I saw the original within the last three months.

Now, the contract that the chairman asked for I have with me—that is, a copy of it—and if you desire I will read it.

The CHAIRMAN. Oh, no; do not read it.

Mr. MACLENNAN. It is a short contract.

The CHAIRMAN. Very well, then; go ahead.

Mr. MACLENNAN (reads):

TOPEKA, KANS., July 27, 1897.

FRANK P. MACLENNAN, *Topeka, Kans.*

DEAR SIR: We enter your order for eight 15-ton cars of news print, same quality as provided by last contract with us, at \$1.77½ per hundredweight f. o. b. Topeka, terms ninety days, acceptance, or discount of 3 per cent for cash by 10th of month

following shipment, one car to be shipped per month, beginning August 1, 1897. Price, \$1.77½, guaranteed against decline in the market on that quality. This contract to cancel all others.

Yours, very truly,

GRAHAM PAPER COMPANY.

The CHAIRMAN. That contract was \$1.77½ at Topeka?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. What is the date of that?

Mr. MACLENNAN. July 27, 1897.

The CHAIRMAN. From what mill; where was the paper shipped from, if you know?

Mr. MACLENNAN. My recollection is from Tomahawk, Wis.

The CHAIRMAN. It is one of the Wisconsin mills. Can you tell us what the freight rate was; that is what I want to get at?

Mr. MACLENNAN. Yes; the freight rate was 39 cents. I have a voucher to that effect.

The CHAIRMAN. That would not make it \$1.34 at the mill.

Mr. MACLENNAN. No; but there is 3 per cent cash discount, which would.

The CHAIRMAN. How much paper did the contract cover, and for how long a period?

Mr. MACLENNAN. It covered eight 15-ton cars beginning August 1, 1897, at about one car per month.

The CHAIRMAN. That is 120 tons?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. How much paper does your company use a year? I see this last contract calls for 500 tons.

Mr. MACLENNAN. I was using about 15 tons per month in 1897. Now I am using about 40 tons per month.

The CHAIRMAN. What I want to get at is for how long a period this contract covers, if you can tell.

Mr. MACLENNAN. This contract took the place of another contract which was in force, but it was at a higher rate, but the price declined and this contract was made, and took the place of that contract.

The CHAIRMAN. Do you know what rate was in the previous contract?

Mr. MACLENNAN. It was higher, because this is the lowest contract I ever made in my whole experience of over twenty-five years.

The CHAIRMAN. I understand, but what I am trying to ascertain is how long this rate ran.

Mr. MACLENNAN. This rate ran for, I think, about eight months. It was to fill out another contract.

The CHAIRMAN. Were you using at that time only 120 tons of paper in eight months?

Mr. MACLENNAN. I think so at that time, because this was ten years ago.

The CHAIRMAN. Can you tell us what the rate in the next contract was?

Mr. MACLENNAN. The next contract I made was in 1898—that is, the following year—and one voucher of that I have with me. I haven't that contract, but the voucher I have, and it shows that I paid \$1.80 at the mill without the discount; that is, I was entitled to \$1.76, counting the cash discount, against \$1.34, comparing with the other figures.

The CHAIRMAN. \$1.77.

Mr. MACLENNAN. \$1.76 net.

The CHAIRMAN. At the mill?

Mr. MACLENNAN. Yes, sir. My rate was a delivered one, and that was what it amounted to, comparing with the \$1.34 rate of the previous contract.

Now, I would like to submit in evidence an invoice under this contract—and, by the way, this was the last invoice of the 1897 contract. That answers specifically the question you asked. It is dated March 1.

The CHAIRMAN. What year?

Mr. MACLENNAN. 1898.

Mr. MILLER. But what does it show?

Mr. MACLENNAN. It shows that under that contract that I had for \$1.77½. I received paper from the 1st day of August, 1897, until the 1st day of March, 1898, at that rate of \$1.34 net; and I will submit in evidence an invoice of the paper at that rate—a voucher showing that the freight rate was 39 cents at the time, and also showing that the freight was deducted.

Mr. MILLER. That follows your statement that there was a 70 per cent advance in price between the two periods named?

Mr. MACLENNAN. Between the two periods named; yes.

The CHAIRMAN. I hardly think that those vouchers should go in the record.

Mr. MACLENNAN. Now, I would like to take up the third point that I asked to be heard upon, and that is the comparison of some figures given to a member of the Ways and Means Committee of the House with the actual prices paid by me during the same period. I have here a statement handed me by Mr. William A. Calderhead, a Representative from the Fifth district of our State, accompanied by a letter from the man who submitted the figures. His name is Frank Gilbert, president of the Frank Gilbert Paper Company, of Waterford, N. Y. This particular letter does not seem to refer to the figures, but the letter is dated April 30, 1908, and in handing me the statement Mr. Calderhead said that this same gentleman had given him these figures in response to correspondence.

These figures show that the selling price of news paper in 1897 was \$2.34. I have just submitted in evidence a contract and vouchers showing that exactly that same year I was paying \$1.34 at the mill, which is \$1 per hundred less than the figures given to Mr. Calderhead. When I saw this sheet of figures I was so astounded that I told Mr. Calderhead that if his conclusions were based upon these figures that they were absolutely worthless, and I said, "I will show you the proofs." This was Saturday afternoon last. That night I telegraphed home for the contracts and vouchers which I have presented here this morning, and I came to Washington not with any view of testifying before this committee, but incidentally the question came up when I was talking to Mr. Calderhead, and he showed me these figures and said, "How can you expect Congress to remove the duty or tariff when the figures I have show that there has been a constantly decreasing price in news paper and a constantly increasing price for wood pulp?" I told him that I was not familiar with the price of wood pulp, but I do know what the figures on paper were, and it is not necessary for me to take up your time in comparing these figures, but they are all at variance with my own prices.

But I would like to take up the figures for the years 1906, 1907, 1908. The figures submitted to Mr. Calderhead show that the selling price of paper in 1906 was \$2.15, and this gentleman (Mr. Gilbert) states that he is also a stockholder in the International Paper Company, and at that time I was buying paper for \$1.95. The figures given in 1907 are \$2.15. Well, in the year 1907 there was a great fluctuation in the price of paper. In the early part of the year the price was \$1.95 at the mill. In the latter part of the year, as I have testified, the current price quoted was \$2.40, but I succeeded in making a contract direct with the mill for \$2.29. I got these figures yesterday to submit them to Mr. Calderhead; that was my purpose. I wanted him to have a correct idea of the situation.

By the way, I have a contract with the International Paper Company for one of these periods, and I can show you that there is a difference there. The year I have a contract with the International Paper Company is 1900, and Mr. Gilbert, according to these figures, submits that the price at that period was \$2.75. I have a contract with the International Paper Company itself, agreeing to deliver the paper in Topeka at \$2.70, and they prepaid the freight. I do not know what the freight rate was. It came from Niagara Falls, but the freight rate was something more than 39 cents, because it was a few cents more than the Wisconsin rate to Topeka.

The CHAIRMAN. Mr. MacLennan, do you think you can tell what the average price of paper was at any time in the country by the price that was made to you?

Mr. MACLENNAN. I think I can, because I was always very careful in making my contracts.

The CHAIRMAN. I notice that you got your contract, your last one, away below what they were making contracts with other papers for.

Mr. MACLENNAN. I think not, Mr. Mann.

The CHAIRMAN. I understood you to say so.

Mr. MACLENNAN. The papers in my State were making these contracts as I was.

The CHAIRMAN. Has any paper out there made a contract as late as last November for \$2.29 at the mill?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. Can you tell us what papers have that contract?

Mr. MACLENNAN. Yes, sir.

The CHAIRMAN. Will you?

Mr. MACLENNAN. The Wichita Eagle, in which Congressman Murdock is interested.

The CHAIRMAN. Do you know of any others?

Mr. MACLENNAN. No, sir; I do not. My contract was only effective about a few months ago. If you want that voucher of the International Paper Company covering this same period, I have it with me.

The CHAIRMAN. Tell us what period it was, and what price you paid for the paper. Those figures, by the way, are not before the committee?

Mr. MACLENNAN. I am not very clear as to that question, because I have given so many of those figures—I may have misunderstood you.

The CHAIRMAN. Well, you said you could tell us something. The price you paid the International Paper Company—give us the date and the price.

Mr. MACLENNAN. Oh, yes. It was \$2.70 per hundred pounds delivered in Topeka.

Mr. MILLER. Now, what was the date of that?

Mr. MACLENNAN. October 18, 1900.

The CHAIRMAN. May I ask, Mr. MacLennan, when you are going away?

Mr. MACLENNAN. I had planned to go home at midnight, but if I can serve your purpose I will stay; but my plans had been made to go home at midnight. I will be pleased to answer any questions that you may submit, if I am familiar with what you want.

Mr. MILLER. The publishers are asking for the passage of what is known by them as the Stevens bill, which means a removal of the duty on wood pulp and print paper. I want to ask you if, in your judgment, the duty was removed it would be of any benefit to the publishers of papers?

Mr. MACLENNAN. I think it would benefit the whole country, including the publishers.

Mr. MILLER. Mr. MacLennan, suppose that the Canadian government should put an export duty on wood pulp, and also pulp wood, then in what way would it benefit the people of this country, either the publishers or the public at large?

Mr. MACLENNAN. I do not understand that there is any duty now on pulp wood.

Mr. MILLER. There is not. There is a duty on wood pulp, but not on pulp wood. There is a duty on wood pulp of 15 per cent ad valorem, and upon print paper of \$6 per ton. In response to the removal by this country of the duty on wood pulp and print paper, suppose the Canadian government should put an export duty on pulp wood and wood pulp, in what way could the publishers of newspapers of this country be benefited, or would anybody else be benefited?

Mr. MACLENNAN. I do not believe for a moment that they would put such an export duty upon them for the reason that they have millions of acres of timber available for paper making purposes, and they certainly would like to have an additional market for it. We all want greater markets for our products. I do not believe for a moment that the Dominion of Canada would place an export duty on wood pulp or pulp wood.

Mr. MILLER. What is the politics of your paper?

Mr. MACLENNAN. Republican.

The CHAIRMAN. We are much obliged to you, Mr. MacLennan.

Mr. MACLENNAN. Could I make just one or two little statements? Of course I think that the tariff should be removed on wood pulp and paper. The President has asked in his message, not on account of the publishers alone, but on account of general forest conservation, for it, and I think the President is right in asking it; in fact I think he is right in most of the things he is asking this House to do. I think this House should get hold of the Stevens bill. I am not here begging the House to take any action of any kind, and I think that Congressmen ought to do what they think is right. I have been able

to give them some figures—but I want the Congressmen to do what they think is right in the matter, and I believe it is right that the removal should be made, that our forests should be preserved. We have all been told that our forests are being devastated, and there is not much doubt about it; and I think the House simply ought to get hold of the Stevens bill and vote on it. I can do business whether it is passed or not, but I think it is right to have the duty removed. I think they ought to do that. I believe that is all.

STATEMENT OF MR. SAMUEL BOWLES, OF SPRINGFIELD, MASS

[The witness was duly sworn by the chairman.]

The CHAIRMAN. Please give your name, Mr. Bowles.

Mr. BOWLES. Samuel Bowles, Springfield, Mass.

Mr. Chairman and gentlemen, my tale is not a harrowing one, but I think it is somewhat significant of this matter. I am now buying paper on a three-year contract which expires on the 1st of July. I am paying \$2 per hundred, \$40 per ton. The lowest price that I can secure paper for after the 1st of July, so far as my investigations have gone, will be \$2.40 per hundred, or \$48 per ton.

The CHAIRMAN. Do you refer in these prices to the paper delivered?

Mr. BOWLES. Delivered on my sidewalk in Springfield, Mass. I am in the fortunate position of being near some of the mills. The retail price of my newspaper is 3 cents, and I have endeavored to give my readers a somewhat better quality of paper than the penny paper.

The CHAIRMAN. As well as a better quality of news?

Mr. BOWLES. Thank you. The lowest price that I have ever paid for news paper was \$1.95, or \$39 per ton. That was about ten years ago, before the International Paper Company was fully organized and in operation. After that contract of \$1.95, my price was carried up until I finally paid \$2.50 or \$50 per ton. Then that paper came from the International Paper Company, but I did not buy it direct. Then they proposed to make it \$2.60 per hundred, and on finding that there were competitive mills in the field ready to furnish paper at lower rates, I withdrew my order and placed it elsewhere. But three years ago I found that the International Paper Company, influenced by the actions and operations of the competitive mills, had reduced their prices, and as they were making paper in my neighborhood that I had used for many years, and liked, and as they made a rate that I thought was favorable, I gave them my order, but subsequently that contract was changed because of a difficulty about the price, where the salesman made a mistake. They asked me to take paper from another mill, a superior grade of wood paper, made up in Vermont, which I agreed to do, at a lower rate, \$2 per hundred, as I tell you. A few months ago they informed me that this all-wood paper made at Wilder, Vt., would not be furnished any more, although my contract specifically provided that under that contract no other paper should be furnished. They said, however, that they were ready to give me a slightly better grade of paper which was made near my office, at Turners Falls, Mass., the explanation being that the Wilder mill, which had been making my paper, was to be shut down, and it has been shut down, so far as I know, since; and I am now buying this better grade of paper at \$2 per hundred.

The CHAIRMAN. Is that all wood paper, do you know?

Mr. BOWLES. I think it is. It was not formerly; it was what was called a cotton waste paper, but I have been told that they use little or no cotton waste in the paper now.

The CHAIRMAN. Are you acquainted, Mr. Bowles, with the comparative price of paper which you use with the ordinary news-print paper?

Mr. BOWLES. The paper that I am now using has usually been sold for a quarter of a cent per pound more than the ordinary news-print paper.

The CHAIRMAN. That is the paper you are now using; but as to the paper which you ordinarily use and contract for, what is the difference between the value of that and the ordinary news-print paper?

Mr. BOWLES. I really can not tell you, but I should say 10 or 15 cents a hundred.

The CHAIRMAN. You say that you have had quotations after the 1st of July?

Mr. BOWLES. Yes, sir; and \$2.40 is the lowest that I have been able to secure, with this exception: That one dealer in New York wrote me that if the duty on print paper were removed he would be able to sell to me at \$2.31.

The CHAIRMAN. That is \$2.40 at the sidewalk?

Mr. BOWLES. Yes, sir.

The CHAIRMAN. Can you give us very briefly the prices you paid for paper in the last ten or eleven years?

Mr. BOWLES. As I told you, I can not give it with absolute exactness, but about ten years ago it was \$1.95, and then the price was advanced, I think—I can not speak exactly about this—but I think to \$2.30 or \$2.35, and in 1902 or 1903 I was paying \$2.50.

The CHAIRMAN. Who is your present contract with?

Mr. BOWLES. The International Paper Company.

The CHAIRMAN. Is it the ordinary form of contract?

Mr. BOWLES. I suspect so. This matter of delivery on the sidewalk I believe is now unusual, although it formerly was the rule. The contract is a printed form with certain blanks filled in. Do you desire to inspect it?

The CHAIRMAN. We would like to insert some of these contracts in the record, but of course there is no use in duplicating them. I do not remember whether we have had an International Paper contract in the record or not, although I think we have.

Mr. STAFFORD. I think the Felix Agnus contract was with the International Paper Company.

Mr. NORRIS. Yes; but it was not in the same form as the others. We have had contracts with the Great Northern and the International, but the form was slightly different, that is as to price on waste, and whether it should be on a production or a gross-weight basis. There is where the element of difference may come up in the various copies which are submitted to you, as to whether it is delivered on the sidewalk or at the station or whether it is payment of a given price, the face price for white waste, and so on.

The CHAIRMAN. Do you think it would be of value to us to have that contract?

Mr. NORRIS. If it is in the standard form——

Mr. McCORMICK. It is substantially the same contract that I turned in, apparently, with some minor changes; but the same printed form.

The CHAIRMAN. Of course we can not follow the minor changes.

Mr. BOWLES. It is the regular form of contract, printed as I tell you.

Mr. NORRIS. This is the form of five years ago, as of November, 1905.

Mr. BOWLES. Yes.

Mr. NORRIS. Not the form of to-day.

Mr. MILLER. What is the date of it?

Mr. NORRIS. 1905.

Mr. MILLER. And running for how long?

Mr. NORRIS. For three years.

Mr. BOWLES. It dated back to the 1st of July, 1905, and covers the period of three years ending July 1, 1908.

Mr. STAFFORD. In your dealings with the various print paper manufacturers, have you had many bids from different mills?

Mr. BOWLES. I have had several, not as many recently as I have had in former years when my contract expired.

Mr. STAFFORD. Have the prices that have been quoted been about the same, or has there been much variation?

Mr. BOWLES. It has been about the same.

Mr. STAFFORD. Have you ever attempted to get your paper from the Canadian mills?

Mr. BOWLES. Why, yes, sir; that is, I have considered propositions; not direct from the mills themselves, but from their agents in New York.

Mr. STAFFORD. When were you considering such propositions?

Mr. BOWLES. I told you that I had a letter from a New York agent of the Canadian mill, offering me paper at \$2.31 if the duty were taken off and \$2.41 if it were not taken off.

The CHAIRMAN. Have you that letter with you?

Mr. BOWLES. Yes, sir.

The CHAIRMAN. If you have no objection, we will put that in the record.

Mr. BOWLES. It should be said that the offer was limited and was withdrawn after a certain date; I did not accept it.

Following is the letter referred to:

PARSONS TRADING COMPANY,
PAPER MERCHANTS AND EXPORTERS,
New York, April 29, 1908.

The SPRINGFIELD REPUBLICAN,
Springfield, Mass.

DEAR SIR: Referring to the several letters which have passed between us, and particularly to yours of April 16, we take pleasure in handing you herewith copy of the Boston Post printed on the paper which we have to offer, together with an unprinted sheet in the blue-white shade, and would say that the Boston Post have since decided to have the balance of their contract with us run on the blue-white shade.

We have ascertained from the mill that they have contracts running on the blue-white shade which would permit of our accepting your business for 73, 55½, and 36½" rolls in whatever proportion you elect, and based on the blue-white shade, we would quote you 2.41 cents per pound, freight and duty paid Springfield, and allow you 3 cents per 100 pounds (or 60 cents per ton for cartage). Net cash in ten days from date of invoice.

We may say that the writer spent Wednesday night in the press room of the Boston Post seeing this paper run and during the entire time he was there there was not a single break in the paper on the press, and Mr. Grozier has given us permission to say that he has found the paper very satisfactory.

Unfortunately the option which we have from the mill expires on the 1st of May, and during the time that we have had the option they have had offers for the tonnage under offer to us, so that in talking to them to-day they would not extend their option with us. We are therefore compelled to make this offer to you subject to telegraphic acceptance to reach us to-morrow, the 30th instant.

From the above-mentioned price we would agree to allow you one-third of any reduction in the import duties, so that if the present duty of 30 cents per 100 is taken off, this would mean a price of 2.31 cents less 3 cents per 100 to you. The above price is based on the contract for your entire supply from July 1 or earlier, until April 1, 1909.

Hoping that we may have the opportunity of entering into business relations with you, we remain, dear sir,

Very truly, yours,

PARSONS TRADING CO.,
By M. C. PARSONS, Vice-President.

Mr. STAFFORD. What quantity of paper do you use in a year?

Mr. BOWLES. We use about 60 tons per month, or 720 tons per year—a small order.

The CHAIRMAN. Have you any other suggestions that you wish to make, Mr. Bowles?

Mr. BOWLES. No, sir; none occur to me, excepting that I feel quite earnestly that this Stevens bill ought to be taken up and passed. It does not seem to me that the fact that the Canadian people may do something or other ought to affect our treatment of the question in Congress, and particularly it seems to me that in view of the fact that these duties are evidently not needed by our manufacturers, they would much better be removed and the effect upon the business of other manufacturers, who feel that they are being unjustly dealt with, tried.

Mr. SIMS. Do you think the removal of the duty would give substantial relief, both in the price of paper and pulp, and also in the direction of preventing combinations, if there are any?

Mr. BOWLES. I think it would be likely to have that effect; yes. Is that all, Mr. Chairman?

The CHAIRMAN. I think so; yes

STATEMENT OF MR. MATTHEW S. DWYER, OF PROVIDENCE, R. I.

[The witness was duly sworn by the chairman.]

The CHAIRMAN. You represent what paper, Mr. Dwyer?

Mr. DWYER. The Providence Tribune. Shall I go right ahead?

The CHAIRMAN. In any form that you prefer.

Mr. DWYER. I simply would say that I am now paying \$2.50 for paper, beginning the 1st of March, and in 1907 I paid \$2.20. The contract before that was for \$1.90, delivery in Providence, 50 cents per ton for cartage, 1 per cent off for cash.

The CHAIRMAN. Can you tell us the price you were paying for paper in 1897?

Mr. DWYER. I took hold of our paper in 1906, so my experience only goes back to 1906.

The CHAIRMAN. Do you know, as a matter of fact?

Mr. DWYER. No; I do not.

The CHAIRMAN. Have you made inquiry about that at your office?

Mr. DWYER. I have not.

The CHAIRMAN. As to the price you formerly paid?

Mr. DWYER. Not previous to 1906.

The CHAIRMAN. Were you in the newspaper business previous to that time?

Mr. DWYER. I was; yes, sir.

The CHAIRMAN. Do you happen to remember what price was paid—

Mr. DWYER. I made a contract when I was on another paper, but the gentleman who has the paper now can testify as to that at present. These are my contracts.

Following are the contracts referred to:

Agreement made this 8th day of August, nineteen hundred and five, between the Pejepscot Paper Company, of Brunswick, Me., hereinafter called the seller, party of the first part, and the Providence Telegram Publishing Company, of Providence, R. I., of the ——— of ———, hereinafter called the purchaser, party of the second part,

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows; that is to say:

First. The seller hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the seller for use in the publication of the Evening, Sunday, and Weekly Telegram, newspapers published in the city of Providence, one thousand (1,000) tons of news paper, to be taken at approximately sixty tons per month, and after expiration of second contract now running at eighty tons per month, with a leeway of five per centum (5%) over or under in quantity during the period from the 1st of April, 1906, until the 1,000 tons are used, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract, which is a copy of the Boston Journal, bearing date of Aug. 8, '05, and the following basis of weight, viz: 24 x 36, 32 to 500 sheets; width of rolls to be 36½ and 18½ or any reasonable modification, and shall be delivered by the seller to the purchaser at Providence station, with an allowance of 50 ¢ per ton for cartage.

Second. The purchaser hereby covenants and agrees to pay to the seller for all paper to be furnished and delivered under this agreement 1.90 per pound (without reference to a production basis) actual gross weight of the rolls or bundles, including paper, wrapper, and twine, but excluding the weight of the cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in thirty days from the date of each shipment, less 1%.

Cores shall be charged at the market price of cores and shall be credited at the same price at the contract point of delivery for paper, when the bill of lading showing the number of cores is received by the seller, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The seller agrees to purchase from the purchaser at seventy-five cents per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the seller, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the seller unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the seller of that fact. All such damaged paper shall be kept for disposal of the seller.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the seller shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any causes beyond the control of either party, the seller shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the seller for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the seller may at its option cancel

this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the seller for all loss and damage sustained by reason of such failure. This contract shall commence on the _____ day of _____ and shall terminate on the _____ day of _____.

In witness whereof the parties hereto have hereunto set their hands and seals, at Providence, R. I., the day and year first above written.

THE PEIRPSCOTT PAPER COMPANY,

By F. C. WHITEHOUSE, *Treas.*

THE PROVIDENCE TELEGRAM PUBLISHING COMPANY

By D. F. LINEONE, *Manager.*

KATHERINE G. MURPHY, to both.

Agreement made this twentieth day of February, nineteen hundred and seven, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and Providence Telegram Publishing Company, of the city of Providence, R. I., hereinafter called the purchaser, party of the second part.

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of Daily and Sunday Tribune, a newspaper published in the city of Providence, R. I., entire supply (estimated at 1,500 tons for the 1st year) of paper during the period from March 1, 1907, to February 29, 1912, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz: 24 x 36-32/500 widths of rolls to be 36 $\frac{1}{2}$ " 18 $\frac{1}{2}$ " and shall be delivered by the manufacturer to the purchaser at f. o. b. cars, Providence, R. I., in carload lots.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement for the 1st year two dollars and twenty cents per hundred pounds (without reference to production basis) actual gross weight of the rolls or bundles, including paper, wrapper, twine, and cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash (New York Exchange or its equivalent) thirty days from date of invoice.

Cores shall be credited at the invoice price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser and if subsequently returned shall be credited upon the next settlement.

The price at which the manufacturer agrees to sell and furnish to the purchaser and the purchaser agrees to purchase and take from the manufacturer during the years from March 1, 1908, to February 29, 1912, shall be the market price to be mutually agreed upon during the month of January of each year for the year following. Should the parties hereto be unable to agree upon the market price, each shall select an arbitrator, who shall agree thereon. Should the arbitrators be unable to agree, they shall select a third party, whose decision as to the market price shall be final and binding upon both parties. Tonnage for each ensuing year to be adjusted at same time the price is agreed upon.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five cents per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer provided that such waste is properly packed and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in its receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the manufacturer shall be unable at any time to make and supply or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may at its option cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure. This contract shall commence on the first day of March, 1907, and shall terminate on the twenty-ninth day of February, 1912.

In witness whereof, the parties hereto have hereunto set their hands and seals, at the city of New York, the day and year first above written.

INTERNATIONAL PAPER COMPANY.
TOM T. WALLER, *Second Vice-President*.
PROVIDENCE TELEGRAM PUBLISHING CO.
U. S. DWYER, *Manager*.

INTERNATIONAL PAPER COMPANY,
30 BROAD STREET, NEW YORK,
Providence, January —, 1907.

MATT S. DWYER,
Business Manager Providence Telegram Publishing Company,
Providence, R. I.

DEAR SIR: In accordance with the terms of our contract we have this day adjusted the same for the year 1908, as follows:

From March 1, 1908, to February 28, 1909, both dates inclusive, billing same at \$2.50 per hundred pounds f. o. b. mill, freight paid to Providence; tonnage to be entire supply estimated at 1,800 tons, all other terms and conditions to be subject to the agreement existing between the International Paper Company and the Providence Telegram Publishing Company, entered into the 20th day of February, 1907.

This adjustment is made without prejudice to our rights under the contract above referred to.

Yours, very truly,

INTERNATIONAL PAPER COMPANY,
By JOHN E. A. HUSSEY, *Boston Sales Agent*.

Accepted for Providence Telegram Publishing Company.

M. S. DWYER, *Manager*.

Mr. DWYER. That 1906 contract for \$1.90 was made by my predecessor, and I worked it up.

The CHAIRMAN. What paper did you say you represented?

Mr. DWYER. The Providence Tribune. That was formerly the Providence Telegram, a Democratic paper, but we have been espousing Republican principles since.

The CHAIRMAN. Is it the same corporation?

Mr. DWYER. The same corporation.

The CHAIRMAN. The contract which I hold in my hand only makes reference to the Sunday and Weekly Telegram?

Mr. DWYER. That is the same paper under a different name at present. The name of the corporation has not been changed. You will find the same name of the corporation on all of the contracts.

The CHAIRMAN. As to the sample of the paper which is referred to in the contract, what is the quality of the paper?

Mr. DWYER. Well, it is ordinary news-print paper; but I can not state the grade of that particular quality; but it was not satisfactory.

The CHAIRMAN. Not satisfactory?

Mr. DWYER. Not satisfactory. That depends largely upon the mill, I find.

The CHAIRMAN. This contract was with the Pejepscot Company?

Mr. DWYER. Yes.

The CHAIRMAN. That contract was not renewed with that company?

Mr. DWYER. It was not renewed.

The CHAIRMAN. Was the reason for that the fact that the paper was not satisfactory?

Mr. DWYER. Largely so; but I had been accustomed to dealing with the International Paper Company, and had been perfectly satisfied up to that time. These other people were strangers to me, and I made no new contract with them, although they offered on renewal a price largely in excess of that.

The CHAIRMAN. This contract dated August 8, 1905, provides for \$1.90 a hundred delivered in Providence, but not delivered on the sidewalk.

Mr. DWYER. There is an allowance of 50 cents per ton for cartage.

The CHAIRMAN. Do you want these contracts back?

Mr. DWYER. I would like to have them returned.

Mr. STAFFORD. What is the tonnage?

Mr. DWYER. The contracts state that.

The CHAIRMAN. You have a contract here dated 1907, covering a period from March 1, 1907, to February 29, 1912.

Mr. DWYER. Yes; that is the five-year contract.

The CHAIRMAN. For the first year it is on the basis of \$2.20 per hundred pounds.

Mr. DWYER. I have the renewal for the second year at \$2.50.

The CHAIRMAN. This is delivered f. o. b. cars Providence, R. I., in carload lots at \$2.20 for the first year and at the market price thereafter. There is also an agreement fixing the market price.

Mr. DWYER. Yes; fixing the price we agree upon.

The CHAIRMAN. I understand, but the provision is that it shall be at the market price.

Mr. DWYER. If there is any question as to the market price. We did not enter into any arbitration about it.

The CHAIRMAN. But your contract provides that you shall take from the manufacturer during the years from March 1, 1908, to February 29, 1912, the paper at the market price to be mutually agreed upon during the month of January of each year for the year following. Are you agreeing upon what the market price is under that contract?

Mr. DWYER. So far as I am concerned.

The CHAIRMAN. There is an adjustment here for a price of \$2.50 from March 1, 1908, to February 28, 1909, f. o. b. mills, freight paid to Providence.

Mr. SIMS. What is the arbitrated price this year?

Mr. DWYER. We had no arbitration. It was a price agreed upon; in other words, it was the price they gave me and I had no option in regard to it.

Mr. MILLER. What do you mean by "had no option?"

Mr. DWYER. I did not believe I could get a better price anywhere else.

Mr. MILLER. Was there anything said at the time this second agreement was made as to what you probably would have to pay for the next year?

Mr. DWYER. No, sir.

Mr. MILLER. Nothing at all?

Mr. DWYER. No, sir.

The CHAIRMAN. Can you tell us what the freight rate is?

Mr. DWYER. I can not, as we do not get our paper from the same mill at all times; for instance, now we are getting it from New York, while at the time the contract was made we were getting it from New Hampshire. But I paid no attention to the freight.

Mr. STAFFORD. Have you had any negotiations with the representatives of Canadian mills with the view of getting paper from Canada?

Mr. DWYER. No, sir.

The CHAIRMAN. We are very much obliged to you, Mr. Dwyer.

STATEMENT OF MR. JOHN D. PLUMMER, OF SPRINGFIELD, MASS.

[The witness was duly sworn by the chairman.]

The CHAIRMAN. Please state your name and address.

Mr. PLUMMER. John D. Plummer, of the Springfield Union, Springfield, Mass.

I wish to submit to the committee at the beginning a copy of a letter, and I have the original here if you desire it.

The CHAIRMAN. Call it a letter then.

Mr. PLUMMER. It is from the International Paper Company in regard to our supply for 1908. And then I will give you the details of what led up to that letter.

The CHAIRMAN. Please read it to us.

Mr. PLUMMER (reads):

Boston, October 16, 1907.

J. D. PLUMMER, *Springfield Union*.

MY DEAR MR. PLUMMER: Writer has just received information in regard to next year's business and finds that the tonnage for this division has been curtailed, and we shall have to get along without some of our good friends, among them the Springfield Union. We therefore regret that we shall be unable to quote you on your order for the coming year.

In discontinuing the pleasant relations we have had so long, the writer desires to thank you for your always courteous treatment.

Yours, very truly,

INT. PAPER CO.,
By E. A. HUSSEY,
Boston Sales Agent.

Since the organization of the International Paper Company it has become more difficult every year for the newspapers to make a contract that was satisfactory or to be sure of their supply. Each year there have been conditions cut off as regards return of waste and allowing for cartage and things of that kind; but I do not think I will trouble you with anything excepting our experience in renewing this contract referred to.

Some time last June I became conversant with the fact that the International Paper Company in renewing their contracts were increasing the price very materially, and although our contract did not expire until January, 1908, I thought it was advisable to see the International people and endeavor to get some idea as to what we

would be able to do, and I therefore went to Boston to see Mr. Hussey. Mr. Hussey said to me that he was unable at that time to give me any idea as to what the price would be on the 1st of January, but that the International Paper Company had always taken care of us and they probably always would. I would say that we have bought paper from the International Paper Company up to this time ever since the organization. The matter went along for a while, and then I was again called to it by the experience of another publisher—this was, I should say, in the latter part of July, and I again tried to get a price out of Mr. Hussey, but with the same result. It seemed to me then, from the interests of the paper, that I should not wait any longer, so I began to look around and discovered very soon that the best price I could get was \$2.40 to \$2.45.

About this time I learned of a contemplated combination among some New England publishers, a combination on tonnage so as to get a larger tonnage, and the scheme was to buy in Canada. I signified my desire to go into that, but for some reason or other the matter fell through. So I took the matter up personally with Mr. Phelps, of New York, who at that time represented the J. R. Booth mill at Ottawa, Canada. Mr. Booth and I talked the matter over and he quoted me a price, but said he would have to submit it to the mill, which he did, but nothing came of it, and the matter ran along until I finally went up to Ottawa to see the Booth people, some time in August, and they at that time first claimed that as long as we were in on the original deal, and it did not go through, we had no standing, and therefore they could not quote us a price on paper. I went back home and made further efforts to get quotations, which still were confined to \$2.40 to \$2.45. On receipt of a letter from the International people I went up to Ottawa again, and after laboring rather hard with those people for a couple of days I succeeded in making a contract with the J. R. Booth Company at \$2.30 delivered in Springfield, which was \$1.80 at the mill, for our tonnage of a thousand tons for the year 1908. We are getting our supply on that contract. It is very satisfactory, and the deliveries are also.

If you have any questions to ask, I would be glad to answer them.

The CHAIRMAN. Have you a copy of your contract?

Mr. PLUMMER. I have the original contract. Do you mean the present one?

The CHAIRMAN. Yes.

Mr. PLUMMER. This is the original, and I would rather submit a copy later if I can.

The CHAIRMAN. We will give it back to you.

Following is the contract referred to:

Agreement made this first day of August, 1907, between J. R. Booth, of Ottawa, Ont., Canada, hereinafter called the manufacturer, party of the first part, and Union Newspaper Co., of Springfield, Mass., hereinafter called the purchaser, party of the second part.

Witnesseth: That the parties hereto, in consideration of the mutual promises and agreements of each other and of the sum of one dollar and other good and valuable considerations, each to the other in hand paid, agree to and with each other, as follows, that is to say:

First. The manufacturer agrees to sell and furnish to the purchaser and the purchaser hereby agrees to purchase from the manufacturer, eight hundred to one thousand tons of print paper, for the publication of the Springfield Union, to be shipped at the rate of seventy-five tons per month, beginning Jan. 1st, 1908, to Jan. 1st, 1909, which shall be substantially of the same average quality as sample attached, on the

following basis of weight, viz, 24 x 36—32 lbs. to 500 sheets. The paper to run as near the ordered weight as practicable, but with a leeway to the manufacturer of two (2) pounds under or over said basis without reference to a production basis.

Width of rolls 34 and 17½". Iron cores; diameter of cores 3". Diameter of rolls 30".

No claims for visibly damaged paper shall be entertained by the manufacturer unless purchaser states in his railway receipt for the goods that the same are damaged, or should the paper when in use prove so seriously defective as to prevent its use. In either case the manufacturer shall be advised of same at once and the paper set aside for disposition of manufacturer or railway, as the case may be.

During the winter months the manufacturer is to carry in store in Springfield about one month's supply of paper, to guard against delays in transit, all through the winter months.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper delivered under this contract as above \$2.30 per hundred pounds f. o. b. cars Springfield, Mass., actual gross weight of the rolls, including paper, wrappers, and twine, but excluding the weight of the cores.

Third. The terms of payment shall be 30 days from date of invoice. In case the purchaser shall fail to pay any amounts due hereunder or fail to make settlement as provided, the manufacturer may at once cancel his contract and refuse to furnish any more paper hereunder and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract; but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

This contract is subject to suspension on notice during the disablement of either party by reason of strikes, floods, fires, or any causes beyond the control of the manufacturer or purchaser, without liability to manufacturer or purchaser.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

J. R. BOOTH, *Manufacturer.*

UNION NEWSPAPER COMPANY,

J. D. PLUMMER, *Treas., Purchaser.*

Should any advance in the tariff rate of the United States be made during the life of this contract, such advance is to be assumed by the purchaser. On the other hand, if a reduction in said tariff be made, each of the parties to this contract shall participate equally in said reduction.

J. R. BOOTH.

Witness:

H. R. ERSKINE.

J. D. PLUMMER,

Treas. Union Newspaper Company.

Witness:

H. R. ERSKINE.

Mr. PLUMMER. That contract, by the way, provides that in case of change of duty the newspaper participates in whatever reduction there may be to the extent of 50 per cent.

Mr. SIMS. Do you mean that your price will be reduced to the extent of 50 per cent of the duty removed?

Mr. PLUMMER. If the duty is removed.

Mr. SIMS. If it is all removed it will be one half of it; one-half goes to your benefit.

Mr. PLUMMER. As a matter of fact, if it had not been for the duty clause we could have made the contract straight at \$1.80, but I did not insist upon it, as I was very glad to get a contract of any kind at that time.

Mr. SIMS. In case the duty should all be removed, do the publishers have any reason to fear that there will be an export duty of any kind?

Mr. PLUMMER. Not so far as my talk with the people up there is concerned. I heard no indication of it. I should not think there would be.

Mr. SIMS. In case they should, would you be any worse off than you are now with the duty on?

Mr. PLUMMER. I think we would be better off with the duty removed than now.

Mr. SIMS. Even if they should put the export duty on?

Mr. PLUMMER. Even if they should put that on. As a matter of fact, Mr. Booth stated to me, or rather his people there did, that they were perfectly satisfied so far as their market and sale of paper at the mill at \$1.80 was concerned; that they believed it was a fair price, and that they could make money at that price.

Mr. STAFFORD. When you discuss the rate of \$1.80, do you mean \$1.80 f. o. b. Springfield?

Mr. PLUMMER. At the mill. It was a question whether I would take the rate of \$1.80 at the mill and let them attend to the freight or not, but it seemed advisable to let them attend to the freight. That was the original proposition, and they were perfectly willing to make it \$1.80 at the mill.

Mr. STAFFORD. Do you know the amount of freight from the mill to Springfield?

Mr. PLUMMER. About 20 cents—that is, as I understand it. I haven't looked it up personally.

Mr. STAFFORD. Have you estimated any other charges of difference besides the tariff duty?

Mr. PLUMMER. No.

The CHAIRMAN. What did you say the freight rate was?

Mr. PLUMMER. They figured it on the basis of \$1.80, and they simply added on the tariff, and looked up the freight and added that in. The intent of that contract is to sell the paper at the mill at \$1.80.

Mr. SIMS. What is the amount you are paying for it at Springfield?

Mr. PLUMMER. \$2.30. That would be 20 cents for freight and 30 cents a hundred for duty.

Mr. SIMS. That is the full duty, is it?

Mr. PLUMMER. Yes.

The CHAIRMAN. Is your paper a Republican paper?

Mr. PLUMMER. It is Republican.

The CHAIRMAN. Does it believe in the protective system?

Mr. PLUMMER. It believes in protection where it is necessary, but I think that if the experience of other people who deal in protected goods is the same as it is in this case, that I do not believe in it, because it is evident from our experience that the International Paper Company are taking advantage of the situation, and that they are lining up the thing so that they are getting all there is in it.

Mr. SIMS. In other words, the whole amount of the duty is being added to the price.

Mr. PLUMMER. To the price of the paper, yes; and the publishers are paying it.

The CHAIRMAN. If it is a fair question, do you believe in the protective tariff system?

Mr. PLUMMER. Not being the editor, I really think I would be encroaching on his ground by answering that.

The CHAIRMAN. You are only the business manager?

Mr. PLUMMER. The business manager.

The CHAIRMAN. Not the owner of the paper?

Mr. PLUMMER. I have a slight interest in it; yes.

The CHAIRMAN. Do you have a controlling interest in it?

Mr. PLUMMER. I have half of the controlling interest—that is, another gentleman and myself together own the controlling interest jointly.

The CHAIRMAN. Do you believe, from your knowledge of the situation, that if the tariff were taken off of paper entirely, and that an export duty in Canada should prevail on pulp wood, that there would be any paper industry left in the United States?

Mr. PLUMMER. I think so; yes.

The CHAIRMAN. Suppose the result of taking off the tariff should be to entirely remove the manufacturer of print paper from the United States to Canada. Are you inclined to think that that will eventually result in the reduction of the price?

Mr. PLUMMER. I do not think that I would be eligible to assume that all the mills are going to move up to Canada; personally, I do not say I should. Of course, they might to a degree, but I do not think that any action that might be taken by Congress would really materially change the situation so far as the manufacture of paper in the United States is concerned. The present companies would merely readjust themselves to the new conditions, as all business does after a change in tariff. I think they would soon be going on in the same way and we would get back to the same situation.

The CHAIRMAN. Of course, I suppose—it is claimed, at least—that pulp wood timber is cheaper in Canada than it is in the United States. Have you any information on that?

Mr. PLUMMER. I have no information on that personally; no, sir.

The CHAIRMAN. Do you think the pulp wood is cheaper in the United States, or cheaper in Canada?

Mr. PLUMMER. I presume it is cheaper in Canada, but I do not know of my own knowledge.

The CHAIRMAN. If pulp wood is cheaper in Canada, and the cost of labor should be ascertained to be cheaper in Canada than in the United States, and then no duty is imposed, would not the production naturally go to the cheapest point of production?

Mr. PLUMMER. I think it might, and yet the experience of the past would lead us to believe that American manufacturers are usually able to meet conditions as they exist.

The CHAIRMAN. They have usually, in your life and mine, had a protective tariff. That is the point about that.

Mr. PLUMMER. I still believe personally that it would be an advantage to remove this tariff. I may be wrong, but that is my personal belief; and until it is removed I do not see how any of us can have—

The CHAIRMAN. That is what we are trying to arrive at, some conclusion.

Mr. SIMS. The American manufacturer of paper and pulp does have the benefit of free pulp wood from Canada now?

Mr. PLUMMER. Yes.

The CHAIRMAN. I would not interject these remarks, only my Democratic friend on the committee asks every one of the witnesses some question designed to show how advantageously the Stevens bill would operate if enacted into law. Of course it is the purpose of the committee to ascertain that.

Mr. SIMS. We are willing to revise piecemeal or wholesale, so that we are not inconsistent.

The CHAIRMAN. I meant to ask one of the witnesses, who referred to the President's message, whether he indorsed the action of the President's convention over in New York.

Mr. PLUMMER. I am not that man.

Mr. STAFFORD. From your visit to Canada, are you in a position to state the market price of paper in Canada at the time of your visit?

Mr. PLUMMER. Yes. The market price was \$1.80.

Mr. STAFFORD. Are you in a position to state the capacity of the Canadian paper mills?

Mr. PLUMMER. No, sir; excepting so far as the Booth mill is concerned, and that is the only one I have visited. They have a good plant, an excellent plant, capable of making as good paper as anyone.

The CHAIRMAN. Is the paper you get from Canada the same quality?

Mr. PLUMMER. Yes; it is very satisfactory.

The CHAIRMAN. It is equally as good for news purposes?

Mr. PLUMMER. Yes.

Mr. STAFFORD. And yet it has been stated here that the American made paper receives a premium of 7 per cent over that of Canadian paper in London, or rather in the British or English market.

Mr. PLUMMER. That may be so, but I have used both of them, and so far as running qualities are concerned, the Canadian paper is as good as American paper.

The CHAIRMAN. Is there anything else?

Mr. PLUMMER. Nothing that I know of.

The CHAIRMAN. Have you given us the prices for some years back?

Mr. PLUMMER. I have them here, and I would be glad to give them. I have not the contract. I simply took the figures from a memorandum which I have.

The CHAIRMAN. Gentlemen, we will return at 2 o'clock. As was remarked here, the allies of Mr. Norris have demanded our presence in the House.

Mr. SIMS. We are happy to be regarded as allies.

The CHAIRMAN. We will now take a recess until 2 o'clock.

Mr. SIMS. We are happy to be regarded as the allies of those who are trying to have justice done.

Thereupon at 12.10 p. m. the committee took a recess until 2 o'clock.

AFTERNOON SESSION.

Pursuant to recess, the committee reassembled at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. Now, Mr. Plummer, can you give the prices that your paper paid from 1890 down?

STATEMENT OF MR. JOHN D. PLUMMER—Concluded.

Mr. PLUMMER. No. I can not. I only have them from 1901.

The CHAIRMAN. Those prices you have already put in?

Mr. PLUMMER. No, sir; I have not put them in yet. I was just about to put them in when you closed this morning.

The CHAIRMAN. Will you give us all you have?

Mr. PLUMMER. Yes. In 1901 we paid \$1.85 delivered. In 1902 and 1903 we paid 2 cents.

The CHAIRMAN. Delivered at the sidewalk or at the depot?

Mr. PLUMMER. That was f. o. b. cars, but they allowed 50 cents a ton for cartage at that time.

The CHAIRMAN. You mean they allowed it to you?

Mr. PLUMMER. Yes. They allowed it to us. We deducted it in making settlements.

The CHAIRMAN. Who was that contract with?

Mr. PLUMMER. The International Paper Company.

The CHAIRMAN. Was it a term contract?

Mr. PLUMMER. Yes. We have always made our contracts from year to year, each year making a new contract. In 1904 we paid \$2.25; 1905 we paid \$2½; \$2.12½ part of the year, and part of the year it was 2 cents, although the contract was 2½. In 1906 and 1907 it was 2 cents, and as I have explained, we could not get any protection out of them for 1908.

The CHAIRMAN. You say 1905 it was 2½?

Mr. PLUMMER. In 1905 it was 2½, and 2 cents part of the year.

The CHAIRMAN. That is \$2.12½.

Mr. PLUMMER. Yes.

The CHAIRMAN. That was the contract price?

Mr. PLUMMER. Yes.

The CHAIRMAN. How did you get it for 2 cents?

Mr. PLUMMER. That is rather a mystery. We had a contract which ran and expired in the middle of the summer, and the International Paper Company, for some reasons that I have never been able to discover, came around in the summer and said that if we would make a new contract for that time, extending through the balance of that year and covering the next year, and have it expire on the first of January, they would make us a price of 2 cents.

The CHAIRMAN. For how long?

Mr. PLUMMER. For the balance of the existing contract and for the following year, which would be the year 1906.

The CHAIRMAN. That was in the summer of 1905?

Mr. PLUMMER. Yes.

The CHAIRMAN. And you made a contract with them then at the rate of \$2 a hundred for the balance of the year 1905 and all of the calendar year of 1906?

Mr. PLUMMER. Yes, sir.

The CHAIRMAN. What was the price for 1907?

Mr. PLUMMER. In 1907, 2 cents.

The CHAIRMAN. That was the same price for 1906?

Mr. PLUMMER. Yes, sir.

The CHAIRMAN. And what are you now paying?

Mr. PLUMMER. I am paying \$1.80 at the Canadian mill, which is \$2.30 delivered.

The CHAIRMAN. You do not know what your paper paid prior to 1901?

Mr. PLUMMER. I have not the figures here. Of course from general recollection I know it was under 2 cents.

The CHAIRMAN. We would like to get exact data.

Mr. PLUMMER. The only thing I can do is to endeavor to get some information on that and forward it to you.

The CHAIRMAN. We can probably get it from various people if you have not got it.

Is Mr. Martin here?

Mr. MARTIN. Yes, sir.

STATEMENT OF MR. FREDERICK ROY MARTIN, PROVIDENCE, R. I.

[The witness was duly sworn by the Chairman.]

The CHAIRMAN. Please give your name and address.

Mr. MARTIN. My name is Frederick Roy Martin, and I am the editor and manager of the Providence Journal and the Providence Evening Bulletin. The Providence Journal is the morning paper and the Bulletin is the evening paper, both published by the Providence Journal Company.

The CHAIRMAN. Have you a statement?

Mr. MARTIN. Yes. We bought our paper from the International Paper Company ever since the organization of the company. We are now buying our paper for \$2.50 under a five-year contract, which covers the period from January 1, 1906, to January 1, 1911.

The CHAIRMAN. When was that contract entered into?

Mr. MARTIN. In October, 1905. It is one of the market-price contracts which have already been shown to you. The price for 1906 was \$2.05; for 1907, \$2.10; for 1908, \$2.50, and I have the assurance of the New England sales agent that the price is more likely to be \$3 than \$2 next year.

The CHAIRMAN. You can have our assurance that it probably will not be.

Mr. MARTIN. Thank you. That is a great comfort.

The CHAIRMAN. Under this market-price contract, when did you make the agreement?

Mr. MARTIN. In November of the preceding year. I would like to explain, if I may, the circumstances under which we signed that five-year contract. Before that we had contracted with them for one year and two years; never longer than two years.

The CHAIRMAN. How far back can you go in giving us the prices?

Mr. MARTIN. I think every year to 1899. I have not brought the figures before that.

The CHAIRMAN. Before 1899?

Mr. MARTIN. Yes, sir.

The CHAIRMAN. Will you give us the figure of 1899, so as to make it follow along in regular order?

Mr. MARTIN. Yes, sir. In 1899 the price was \$1.90, delivered at the press rooms.

The CHAIRMAN. What kind of a contract was that? Was that a yearly contract?

Mr. MARTIN. Yes, sir; from January 1 to January 1.

The CHAIRMAN. That was for the calendar year 1899?

Mr. MARTIN. Yes, sir. For the calendar years of 1900 and 1901 we paid \$2.15.

The CHAIRMAN. Do you mean for those two years?

Mr. MARTIN. Yes, sir. For 1902 we paid \$2.15; for 1903 we paid \$2.10; for 1904, \$2.20; for 1905, 2 cents, and we had the same experience after that which the Springfield Union did, and I think it is quite interesting.

The CHAIRMAN. Please tell us what experience you had.

Mr. MARTIN. The experience of a voluntary reduction of price twice through the year, and an intimation that it would be much to our advantage to sign a contract for five years, which we did.

The CHAIRMAN. That is a very interesting story. Tell us what took place.

Mr. MARTIN. We always had the pleasantest relations with the International Paper Company, and we were told that the market price of paper had dropped, and they decided on March 1, 1905, to reduce our price without any suggestions from us to \$2.05. On October 12 they decided voluntarily to reduce the price for the rest of the year to 2 cents, and they led us to sign a five-year contract with them on the terms that I have already explained, the price to be set each year, and from the time we signed that contract the price has been constantly going up.

The CHAIRMAN. Do you think they were trying to get you to sign a five-year contract in order to raise the price on you?

Mr. MARTIN. I did not think so then, but I would be rather innocent now not to do so.

The CHAIRMAN. It has been stated that the paper companies do not want long contracts now.

Mr. MARTIN. They did; that is, at that time.

The CHAIRMAN. I wondered about that.

Mr. MARTIN. Shall I go on with the figures since then?

The CHAIRMAN. Yes.

Mr. MARTIN. In 1905 our price was \$2.15, \$2.05, and \$2. In 1906 it was \$2.05. In 1907 it was \$2.10. In 1908 it is \$2.50, somewhere there. I should say that since about eight years ago the price, instead of including delivery to the Journal building, stopped at the freight yards. Since then these prices are delivered f. o. b. Providence, not at the Journal building. I might add that for all the terms of this contract, until two or three months ago, our paper came from Berlin. It is now coming from Corinth. They explain that the mills at Berlin are closed.

The CHAIRMAN. Mr. Plummer stated in reference to deliveries that they made him a rebate of 50 cents a ton for cartage. Does that apply to you?

Mr. MARTIN. No, sir.

The CHAIRMAN. Is your newspaper a Republican or a Democratic paper?

Mr. MARTIN. We are a Republican paper—independent Republican.

The CHAIRMAN. With leanings, at least?

Mr. MARTIN. Which way?

The CHAIRMAN. With leanings at least toward the Republican party?

Mr. MARTIN. Distinctly. We should support any Republican candidate this year, as we have always supported Republican candidates.

The CHAIRMAN. You said "independent." All papers are independent?

Mr. MARTIN. Yes, sir.

Mr. SIMS. Do you think the repeal of the Stevens bill would give substantial relief to the publishers in the way of reduction of price?

Mr. MARTIN. I think the answer to that comes best in the offers made by dealers, who offered this morning to give us lower rates if that bill passed.

Mr. SIMS. Would the taking off of the duty on wood pulp and print paper in any way derange any other tariff schedule so as to demand action based upon that action?

Mr. MARTIN. I can not answer for Congress. I do not know. I would not suppose so.

Mr. SIMS. Wood paper is used in nothing except the publishing business, is it?

Mr. MARTIN. I can not answer that. I can not think of any other use.

The CHAIRMAN. Is there any use of print paper except in the publishing business?

Mr. MARTIN. Not that I know of.

Mr. SIMS. To repeal the duty on wood pulp and print paper would have no effect whatever upon the schedules of iron and steel, or woolens, or any other form of manufacture, so as to require any further legislation in the direction of the revision of the tariff? In other words, it may be done piecemeal without deranging in any way any other schedule?

Mr. MARTIN. I suppose so; yes, sir.

The CHAIRMAN. How about the chemical schedule, where they use chemicals in the preparation of wood pulp?

Mr. MARTIN. I know nothing about it.

The CHAIRMAN. I do not know what the fact may be myself, but suppose there may be a considerable duty upon chemicals that are used in the preparation of pulp in this country. Do you think it would be fair to the producers of that product to leave the tariff on the articles which they use, and have no tariff on the article which they produce?

Mr. MARTIN. There are a number of "ifs" there. I can simply give my opinion, that if the producers of chemicals do not need tariff help any more than the producers of paper do, I do not think it would hurt them. In other words, I would protect an infant industry, but if it became a giant I would withdraw the protection.

The CHAIRMAN. That is not the point. Supposing there would be a duty on the chemicals which enter into the production of pulp and paper—

Mr. MARTIN. Is there, sir?

The CHAIRMAN. That is something we will ascertain.

Mr. MARTIN. What are those chemicals? Sulphurous acid, and so on?

The CHAIRMAN. There are several chemicals.

Mr. STAFFORD. Sulphite is the principal one.

The CHAIRMAN. There is sulphite pulp and soda pulp. Do you think the duty ought to be taken off the articles used in the production of wood pulp if the duty is taken off wood pulp itself?

Mr. MARTIN. I suppose that the amount of chemicals entering into the manufacture of paper would be almost an infinitesimal amount in dollars and cents, and this would be a technical point in regard to which I have not any knowledge to answer satisfactorily. But if you mean to ask if, because I think the duty should be taken off of wood pulp, I would be willing that something would happen to the manufacturers of chemicals, that would be a hypothetical question, and I would not like to answer.

The CHAIRMAN. I do not ask you a hypothetical question at all. There is a duty upon chemicals used in the production of wood pulp. What I have asked was whether, if you thought the duty was taken off of wood pulp, the duty ought also to be taken off the chemicals

used by the producers and manufacturers of wood pulp in this country.

Mr. MARTIN. I do not think I know enough about the amount of chemicals they use to give a satisfactory answer.

Mr. SIMS. There is no chemical used, or other protected material, in mechanically ground wood pulp, is there?

Mr. MARTIN. I do not know. I have only been in a paper mill two days, and I do not know much about the technical manufacture of paper.

The CHAIRMAN. We are very much obliged to you, Mr. Martin.

Mr. MARTIN. You are entirely welcome, sir.

STATEMENT OF MR. FREDERICK M. MESSLER, OF ASHEVILLE, N. C.

[The witness was duly sworn by the chairman.]

The CHAIRMAN. Will you give us your name, and the location and name of your paper, Mr. Messler?

Mr. MESSLER. Frederick M. Messler, Asheville Gazette-News, Asheville, N. C.

The first contract which we made was in August, 1905. That was made with the Antietam Paper Company, selling agents for the International Paper Company.

The CHAIRMAN. With what paper company?

Mr. MESSLER. The Antietam Paper Company, of Hagerstown, Md. They are selling agents for the International Paper Company.

The CHAIRMAN. They are a new name to me in this discussion.

Mr. MESSLER. They are an old firm. They do business principally in the South.

The CHAIRMAN. They are selling agents in the main for the South?

Mr. MESSLER. Yes, sir; for the International Paper Company. Our first contract was for \$2.45, delivered.

The CHAIRMAN. Delivered at the sidewalk?

Mr. MESSLER. No, sir; delivered at the freight depot in Asheville. The freight rate is 43 cents a hundred from the mill.

The CHAIRMAN. From what mill?

Mr. MESSLER. Brownville, N. Y.

The CHAIRMAN. That would be \$2.02 f. o. b. mills?

Mr. MESSLER. Yes, sir.

The CHAIRMAN. Give us the data you have there. You have a table prepared. If you just hold that up and read it we can hear you.

Mr. MESSLER. That contract ran a little over a year. No; it ran just a year. It ran until 1906—August, 1906. Then we made another contract for \$2.50 f. o. b. Asheville. On October 21, 1907, we made another contract to run from January 1, 1908, to January 1, 1909, for 3 cents f. o. b. Asheville.

The CHAIRMAN. That is \$2.58 f. o. b. mill?

Mr. MESSLER. Two dollars and sixty-seven cents, is it not? No; \$2.58; that is right—\$2.57.

The CHAIRMAN. Forty-three cents I had it.

Mr. MESSLER. Forty-three cents it is.

Mr. STAFFORD. Were these last contracts with the same company?

Mr. MESSLER. All from the same company, and all our paper comes from the same mill at Brownville, N. Y. I have a copy of the

contract here, which I will leave with you, if you will mail it to me. [Submits following:]

Agreement made this twenty-first day of October, 1907, between the Antietam Paper Company, a corporation organized under the laws of the State of Maryland, hereinafter called the manufacturer, party of the first part, and the Evening News, of the city of Asheville, N. C., hereinafter called the purchaser, party of the second part.

Witnesseth: That

The parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of the Evening News, a newspaper published in the city of Asheville, N. C., one hundred and fifty (150) tons of paper during the period from January 1st, 1908, to January 1st, 1909, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz: Width of rolls to be 35, 53 and 70 inch. and shall be delivered by the manufacturer to the purchaser in carload lots f. o. b. Asheville, N. C. Less than carload lots contract price f. o. b. point of shipment.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement three dollars (\$3.00) per hundred pounds (without reference to production basis), actual gross weight of the rolls or bundles, including paper, wrapper, twine, and cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made by one, two, and three months' note from date of invoice.

Cores shall be credited at the invoice price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five cents per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may, at its option, cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure. This contract shall commence on the first day of January, 1908, and shall terminate on the first day of January, 1909.

In witness whereof the parties hereto have hereunto set their hands and seals at the city of Hagerstown, the day and year first above written.

ANTIETAM PAPER CO., INC.,
W. B. LITTLETON, *Sec'y and Treas.*,
EVENING NEWS PUBLISHING CO.,
Per F. M. MESSLER, *Mgr.*

Mr. STAFFORD. Did you make efforts to make contracts with any other concern?

Mr. MESSLER. I got prices from other concerns, some independent mills, and was not able to make any better contract than that. I had to work to make that contract. They did not want to make a contract. They usually make a contract in the summer. This year they would not give me any figures until October. I tried to make a contract in August.

The CHAIRMAN. What was the date of this last contract?

Mr. MESSLER. It was made on October 21, 1907. It will run during this current year.

The CHAIRMAN. That was just about the time when the scare was at its greatest.

Mr. MESSLER. Yes. It was just at the beginning of the panic.

The CHAIRMAN. I mean the scare about the print paper.

Mr. MESSLER. I do not know what scare you refer to. I had been trying to make a contract all the summer with these same people, but they would not quote me any prices until October.

Mr. STAFFORD. Are you acquainted with the conditions of wood-pulp manufacture in your State?

Mr. MESSLER. Not very much. That factory has just recently opened up. It has only been running about a month or two.

Mr. STAFFORD. Which factory do you refer to?

Mr. MESSLER. The Champion Fiber Company, at Canton, N. C. They just manufacture wood pulp there. They do not manufacture news paper.

The CHAIRMAN. Do you know how large an output they have?

Mr. MESSLER. I do not know exactly, but it seems to me they use up 6,000 cords of wood a day.

The CHAIRMAN. It is one of the large mills?

Mr. MESSLER. It is said to be the largest pulp mill in the United States.

Mr. SIMS. What kind of timber do they use?

Mr. MESSLER. Spruce, principally; spruce and pine.

Mr. SIMS. Do you know what kind of a pulp mill that one is at Bristol?

Mr. MESSLER. No, sir. I do not know anything about it.

Mr. STAFFORD. Are you acquainted with their purpose as to the shipment of their pulp and manufacture?

Mr. MESSLER. I understand they ship it all to their factory at Canton.

The CHAIRMAN. Canton, Ohio?

Mr. MESSLER. Canton, Ohio, where it is converted into a fine grade of enamel and book paper. They do not make any news.

The CHAIRMAN. From your knowledge of the situation in North Carolina do you think it probable this mill would have been established down there just the same if the tariff had been taken off wood pulp?

Mr. MESSLER. I do not believe it would have made a bit of difference.

Mr. SIMS. Do you think they will close the mill if the tariff is taken off?

Mr. MESSLER. I do not. I understand they have an investment of about \$10,000,000, and they certainly would not abandon that.

Mr. SIMS. Is there much spruce in North Carolina, in that portion of it?

Mr. MESSLER. They say they have enough to last them twenty-five years without any replanting.

Mr. STAFFORD. Does this company own any of the wood, any large tracts of wood?

Mr. MESSLER. They do.

Mr. STAFFORD. Do you know the extent of their holdings?

Mr. MESSLER. No, sir. I do not know the number of acres. They have large tracts, thousands of acres. They have a railroad built from their pulp mill out into the woods, a distance of about 14 miles, I think.

The CHAIRMAN. So far as you know, have they purchased the lands outright?

Mr. MESSLER. Yes, sir; they have.

Mr. SIMS. Do you know whether or not they are buying any pulp wood in addition to their own?

Mr. MESSLER. They are buying wood outside of their own preserve.

Mr. SIMS. Do you know what they give per cord?

Mr. MESSLER. No, sir; I do not. They are buying more timber land all the time.

The CHAIRMAN. How long have you been connected with the Asheville Gazette?

Mr. MESSLER. Since 1903.

The CHAIRMAN. You have gone back that far with these prices?

Mr. MESSLER. When I took charge they already had a contract which ran until 1905. I renewed it at the same price, \$2.45.

The CHAIRMAN. How much paper do you use?

Mr. MESSLER. Last year we used 100 tons. This year we expect to use 150. We have contracted for 150.

The CHAIRMAN. You buy it in carload lots, I suppose?

Mr. MESSLER. Yes, sir.

The CHAIRMAN. What do you get for your paper?

Mr. MESSLER. A year, or per copy?

The CHAIRMAN. Any way.

Mr. MESSLER. We get \$4 by mail and \$5 in town. We sell it on the streets for 3 cents a copy.

The CHAIRMAN. How large a paper is it?

Mr. MESSLER. It runs from 8 to 20 pages.

The CHAIRMAN. Twenty pages is issued when? At special intervals?

Mr. MESSLER. No, sir. We usually run a large paper on Saturday, and often on Monday. It depends on the amount of advertising.

The CHAIRMAN. Can you tell us how the paper runs in 8-page sheets as to pounds of paper? What is your calculation on that?

Mr. MESSLER. On a roll?

The CHAIRMAN. On any stated number of pounds or stated number of 8-page sheets? How do you calculate?

Mr. MESSLER. The paper comes in rolls, and they average, I suppose, about 1,000 pounds to a roll. Of the 8-page sheets, one roll, I expect, would print from 6,000 to 7,000 copies.

The CHAIRMAN. That would be 6 or 7 8-page sheets to a pound of paper?

Mr. MESSLER. Just about.

The CHAIRMAN. You have not figured it out exactly?

Mr. MESSLER. No; I have not.

The CHAIRMAN. What is your paper—Republican or Democratic?

Mr. MESSLER. Independent.

The CHAIRMAN. Is there any other newspaper publisher here who wishes to be heard now?

How about those statistics? We will talk with you, Mr. Whitney, about the statistics there; the Bureau of Statistics, if you please. Won't you give the stenographer your name, please?

STATEMENT OF MR. J. N. WHITNEY, CHIEF CLERK, BUREAU OF STATISTICS, WASHINGTON, D. C.

The CHAIRMAN. Mr. Whitney, you are connected with the Bureau of Statistics?

Mr. WHITNEY. Yes, sir; I am chief clerk of the Bureau.

The CHAIRMAN. I sent a memorandum to the Chief of the Bureau.

Mr. WHITNEY. Yes, I have it here.

The CHAIRMAN. I do not wish to have the answers to the proposition now, but I would like to inquire as to about how far we can get this information from the Bureau of Statistics.

Mr. WHITNEY. It is on this paper. Shall I read the first inquiry?

The CHAIRMAN. If you please.

Mr. WHITNEY. "Pulp-wood imports from Canada by years since 1890, and values." We can give the pulp wood imported into the country, and only for 1907 imported by countries; but it was all imported from Canada; no other country. Therefore I think it is safe to assume that the entire importations of wood pulp came from Canada.

Now as to the second inquiry, "Wood-pulp imports from Canada, and values, by years, since 1890, and duties collected," we can show the wood pulp imported from Canada, but we would have to estimate the duties collected thereon.

The CHAIRMAN. Why?

Mr. WHITNEY. Because we have the duties collected on articles only with respect to imports into the entire country from all countries, and not from separate countries. Therefore, when we undertake to show the imports from a country we are obliged to estimate it from the best data we have.

The CHAIRMAN. There is a separate item in the tariff schedule in reference to this. Is it not easy to ascertain what duties are collected at certain ports?

Mr. WHITNEY. You see the wood-pulp imports come from other countries, say Norway. About half comes from Canada, and the other half from European countries.

The CHAIRMAN. Is there any wood pulp imported from Norway by way of Canada?

Mr. WHITNEY. I do not think there is. We have no reason think there is.

The CHAIRMAN. Is there any wood pulp imported from Canada by way of New York?

Mr. WHITNEY. How is that?

The CHAIRMAN. Would there be any wood pulp come around by boat to the port of New York from Canada?

Mr. WHITNEY. I think some wood pulp comes into the port of New York from Canada. It is easy to ascertain that.

The CHAIRMAN. These statistics must be in the possession of the custom-house officers.

Mr. WHITNEY. Certainly; they are on file with the custom-houses. New York could tell us how much came into that port from Canada.

The CHAIRMAN. Of course, the statistics, as you make them up, are absolutely valueless, so far as our purpose is concerned.

Mr. WHITNEY. Well, we show a great many facts in regard to imports of wood pulp, and paper, and so forth.

The CHAIRMAN. Yes. You show the quantity of wood pulp that is imported, I guess?

Mr. WHITNEY. Yes; and the quantity imported by countries, but not separated into the mechanically ground and the other classes according to the tariff.

The CHAIRMAN. You show the quantity of wood pulp imported. I presume you show the total valuation. Of course, that does not give any notion at all about the value of the different kinds of wood pulp imported.

Mr. WHITNEY. We show the three kinds according to the tariff, the mechanically ground, the bleached, and the unbleached, the sulphite.

The CHAIRMAN. Do you show that since the Dingley Act?

Mr. WHITNEY. Yes; every year for the entire country.

The CHAIRMAN. You can give that information?

Mr. WHITNEY. Yes, sir.

The CHAIRMAN. Nearly all of the mechanically ground wood pulp, I suppose, comes from Canada?

Mr. WHITNEY. Yes; over half of the wood pulp that comes into the country comes from Canada. The next country is Norway.

The CHAIRMAN. I suppose the mechanically ground wood pulp practically all comes from Canada. Have you got for the last year Canada separated from the rest of the world?

Mr. WHITNEY. We have, since the Dingley Act; the entire wood pulp, I mean, without dividing it into the classes that the tariff divides it into. We show for the whole country the various kinds as described by the tariff, and by countries lumped as a whole, "wood pulp." I think if you had a table showing the imports of the various kinds every year since the Dingley tariff, and then by countries, you could judge pretty well how much came from Canada.

The CHAIRMAN. This, I suppose, would be very easy for you to ascertain: The amount of wood pulp that came in through some of the ports on our northern frontier, with the valuation?

Mr. WHITNEY. Yes; the quantity and value imported into every port of the United States.

The CHAIRMAN. Will you get that for us—at least, for some of these ports that would show the valuation, and endeavor in that connection to ascertain whether it is mechanically ground wood pulp or sulphite pulp? What we want to get is the valuation put upon those pulps in importing them into the country.

Mr. WHITNEY. By ports we can show the tariff distinctions each year; by ports.

The CHAIRMAN. Those are broad tariff distinctions. The tariff is different.

Mr. WHITNEY. Yes; by ports.

The CHAIRMAN. For some of the ports, at least.

Mr. WHITNEY. The leading and all others. It will embrace the bulk of them.

The CHAIRMAN. Do you know, Mr. Norris, where most of the wood pulp comes in?

Mr. NORRIS. I do not.

The CHAIRMAN. I mean from Canada?

Mr. NORRIS. A great deal of the chemical pulp comes into New York.

The CHAIRMAN. I mean the Canadian. We know where the rest comes in.

Mr. NORRIS. There is some that goes to Maine from the New Brunswick mills at Mispec.

The CHAIRMAN. When you get that all in shape we want to examine you on that, Mr. Whitney. We want now to examine you and learn what we can find out.

Mr. WHITNEY. You ask for the "mechanically ground wood-pulp imports from Canada, and values, and duties collected." That, as I said, we can not show exactly. We can only show the entire wood pulp from Canada; and the duties collected would have to be estimated.

The CHAIRMAN. Why would the duties have to be estimated?

Mr. WHITNEY. Because in the imports of wood pulp from Canada the tariff distinctions are not shown. Therefore you would have to estimate it from the best data we have.

Now, as to the chemical wood, the same remark is made as to that. As I said, we can only show the entire wood pulp imported from Canada separately, so if we undertake to show the duty of the chemical wood pulp we would have to estimate it.

Now, the next question is, "Exports and imports of wood pulp and values between United States and various countries by years since 1890, and also duties collected on imports." All that we can give the first part of, but the duties collected thereon, as I say, from each country would have to be estimated.

Now, you ask the same question as to mechanically ground wood pulp and the same as to chemical. The first part is the only part that we can show by countries—that is, imports and exports of wood pulp by countries.

"The same as to paper." I suppose "the same" refers back to exports and imports valued at 2 cents per pound. We could only tell the imports valued at 2 cents per pound since the Dingley Act.

The CHAIRMAN. That is perfectly patent. What we want to know is the exports and imports, and the valuation of the imports.

Mr. WHITNEY. The imports are not subdivided.

The CHAIRMAN. I understand. That seemed so patent that we did not take the trouble to write another line for it.

Mr. WHITNEY. Yes. "The same as to other different grades of paper under Dingley Act." Now, we can show that information with respect to imports since the Dingley Act of all the different kinds of papers specified in the tariff, into the whole country, but not separately from Canada.

Then, there is "Exports and imports of wood pulp from and into various countries and values, from 1890 to 1897 with totals and valu-

ation per ton for each country." That can be given. Now, would you want every year a separate column and the value computed per ton with respect to every item every year?

The CHAIRMAN. Well, that is the only way it will be of any value to us for comparative purposes.

Mr. WHITNEY. The next question, "Importation by years since 1897 of each item named in Schedule M of Dingley tariff act not included above, with valuations, etc., those from Canada separately stated." Well, we can show the whole amount into the whole country of all the items under Schedule M, but from Canada we could show only part, as they are very much consolidated. I suggest you had better let us get up the very best information we can and see how far it meets your purpose.

The CHAIRMAN. Will you do that, please, and be prepared to furnish it the first of the week?

Mr. WHITNEY. Yes. The next is, "Can you furnish market price of news-print paper now and for some years back in Canada, London, Germany, France, Austria, and Australia?" The only country there that we have any access to information about is something about the price in Canada. But as to the others we have no means of procuring information. We have consulted with the Bureau of Labor, which devotes itself more particularly to the matter of prices, and they say they can not give it. We could give Canada, I think.

The CHAIRMAN. I suppose you are all a little afraid to give anything on that subject now, since Mr. Ridder has attacked everybody who endeavored to comply with the request of Members of Congress upon that line; but we would like the best information we can get. That ought to be a very easily accessible thing.

Mr. WHITNEY. We will do the best we can, and show it to you and consult with you in regard to it.

The CHAIRMAN. Now as to the importations from Canada, which in a way may be considered very important, I do not know how far they may be in fact important, but we consider the information is important to have. I see no reason why you can not obtain that information for us. You are telling us what you can and what you can not give, and what you have on file down here. My observation is that all Government statistics on file are worth very little until you go further into a particular inquiry. We want you to get this particular information, which is available somewhere. Tell Mr. Austin that I want to know the importation of wood pulp and paper of different kinds from Canada.

Mr. WHITNEY. Yes, sir. But as to anything, you know, that has not been compiled, and where the invoices and entries are filed away in the various custom-houses, to get the information for several years would be a mammoth labor.

The CHAIRMAN. Well, he can send over to the different ports and find out what he can.

Mr. WHITNEY. Suppose we confine it to the latest years and not to the whole period.

The CHAIRMAN. We would like to know back a ways if we can. Of course if they can not get it back several years, that is another proposition. I do not expect them to spend a month on this.

Mr. WHITNEY. Well, sir, you can rest assured we will do the best we can. You want every quantity in this, where it is a ton, reduced to 2,000 pounds?

The CHAIRMAN. I think that would be the easiest way for purposes of comparison. We would have to do it if you did not. We got some figures that came from your office the other day—twelve billion, or something of that sort. You might as well try to count the fish in the sea. Twelve billions does not mean anything to me. We would like to have you get up as much as you can. We will call you by the first of the week, or we will be ready for you by that time.

Mr. WHITNEY. By Monday?

The CHAIRMAN. Yes; if you can. Of course, I do not expect you to get all the Canadian importations by that time, but I wish Mr. Austin would see if he can not get that information, or part of it, especially from those northern ports.

Mr. WHITNEY. We can give it to you by ports.

The CHAIRMAN. We would like to get some idea of the value and proportion of the sulphite and ground pulp imported from Canada.

Mr. WHITNEY. For how many years would you want it as to importations by ports? Covering the whole period?

The CHAIRMAN. Well, of course, it is impossible for us to tell the value of the information we are asking for. We do not know. We are trying to get all the information we can, so we will have that here. I do not think we need it for every year, or anything of that kind. If you could go back to some fixed year it might be well. We have some census figures here for 1905 and 1900. I guess the years are 1904 and 1899, probably. It would be valuable to have those here and compare those, whatever the census years are.

Mr. WHITNEY. 1905 and 1907.

The CHAIRMAN. Or if you can only get the present year, do that as soon as you can.

Mr. WHITNEY. Yes, sir.

The CHAIRMAN. We are trying to make an exhaustive study of the subject, and we want all the data there is to be found.

Is there any other publisher here who wishes to be heard now?

STATEMENT OF MR. R. W. PILLSBURY, OF MANCHESTER, N. H.

[The witness was duly sworn by the chairman.]

The CHAIRMAN. Will you give your name, location, and paper?

Mr. PILLSBURY. R. W. Pillsbury; Manchester Union; Manchester, N. H.

The CHAIRMAN. You come from one of the seats of trouble, don't you?

Mr. PILLSBURY. I expect likely.

The CHAIRMAN. Close to the seat of trouble. Tell us, Mr. Pillsbury, about your troubles and contracts.

Mr. PILLSBURY. I have the last two contracts here.

The CHAIRMAN. Which is the first one that you have?

Mr. PILLSBURY. From September 1, 1905, to September 1, 1907.

The CHAIRMAN. You mean it covers that period of time?

Mr. PILLSBURY. Yes; two years.

The CHAIRMAN. What is the price named in that?

Mr. PILLSBURY. \$1.90.

The CHAIRMAN. Where at?

Mr. PILLSBURY. At the press rooms in Manchester.

The CHAIRMAN. Where does that paper come from?

Mr. PILLSBURY. From the Pejepscot Paper Company, Topsham, Sagadahoc County, Me.

The CHAIRMAN. Do you know how far is that, and what the freight is?

Mr. PILLSBURY. No, I do not. It is right opposite Brunswick, I think.

The CHAIRMAN. How much paper do you use?

Mr. PILLSBURY. The contract was for 1,400 tons, the maximum. We use about 700 tons.

The CHAIRMAN. Seven hundred tons a year, you mean?

Mr. PILLSBURY. Yes.

The CHAIRMAN. That was for ordinary quality of news-print paper?

Mr. PILLSBURY. Yes, sir. I have the paper here, showing the quality, if you would like to see it.

The CHAIRMAN. No, I would not know it if I should see it. It is the ordinary paper?

Mr. PILLSBURY. Yes; the ordinary run of paper that newspapers use.

The CHAIRMAN. Who is that with?

Mr. PILLSBURY. With the Pejepscot Paper Company. I think it is outside. The next contract was made September 1, 1907, to September 1, 1908, which will expire the 1st of next September.

The CHAIRMAN. The contracts are not based to run from January 1 to January 1?

Mr. PILLSBURY. No; from September 1 to September 1.

The CHAIRMAN. You did not get any reduction of price in 1905 and 1906, did you?

Mr. PILLSBURY. No, sir.

The CHAIRMAN. What is the price in this contract?

Mr. PILLSBURY. Two cents.

The CHAIRMAN. The same delivered?

Mr. PILLSBURY. Yes, sir.

The CHAIRMAN. Who is this contract with?

Mr. PILLSBURY. The same people. It expires this next September.

The CHAIRMAN. Have you made any renewal yet?

Mr. PILLSBURY. No, sir. We would like to at this price, but they ask a decided advance.

The CHAIRMAN. Have you had any conference or conversation in reference to a renewal with the Pejepscot people?

Mr. PILLSBURY. With them, yes; and with some others.

The CHAIRMAN. What is the substance of that?

Mr. PILLSBURY. The general proposition is \$2.50—2½ cents. This is 2 cents.

The CHAIRMAN. You say "the general proposition." What do the Pejepscot people say?

Mr. PILLSBURY. They are willing to cut the price from the regular price asked by the others 5 cents, making it \$2.45.

The CHAIRMAN. Who is it that asks \$2.50?

Mr. PILLSBURY. I do not know that I can give any details. The Aldrich Paper Company, of Gouverneur, N. Y.; the Manufacturers' Paper Company, of New York, is another.

The CHAIRMAN. Have you had any dealings with the International about this?

Mr. PILLSBURY. Not since I have owned the paper.

The CHAIRMAN. How long since have you owned the paper?

Mr. PILLSBURY. About three years.

The CHAIRMAN. You do not know what was paid for paper prior to 1900?

Mr. PILLSBURY. No, sir.

The CHAIRMAN. Were you publishing a paper prior to that time?

Mr. PILLSBURY. No, sir; I was not.

The CHAIRMAN. How near to you are there paper mills?

Mr. PILLSBURY. At Franklin, N. H., the International Paper Company has three mills.

The CHAIRMAN. Are there a number of paper mills in New Hampshire?

Mr. PILLSBURY. Yes. Berlin is quite a pulp place.

The CHAIRMAN. That is one of the large ones?

Mr. PILLSBURY. Yes.

The CHAIRMAN. What is your paper—Republican or Democratic?

Mr. PILLSBURY. It was a Democratic paper until 1905, when I purchased it and made it a Republican paper. It had been a Democratic paper since 1860.

Mr. SIMS. If the tariff duty on print paper is removed, and from wood pulp, will it give you material and substantial relief as a publisher in the price of paper? What is your judgment as to that?

Mr. PILLSBURY. Well, it should.

Mr. SIMS. Do you think the amount of the tariff collected is now added to the price by the manufacturers?

Mr. PILLSBURY. It seems to me that on raw material of that kind it is.

Mr. SIMS. Well, paper?

Mr. PILLSBURY. Yes; and on pulp.

Mr. SIMS. Don't you think that the tariff could be removed off of wood pulp and print paper without in any way affecting any other schedule of the tariff, or any other line of manufacture?

Mr. PILLSBURY. I do not exactly understand what you mean.

Mr. SIMS. I mean, would the removal of the tariff on print paper and wood pulp necessarily affect the tariff on anything else?

Mr. PILLSBURY. I do not see why it should.

Mr. SIMS. Therefore it could be removed without disturbing any other tariff schedule?

Mr. PILLSBURY. It seems so to me.

Mr. SIMS. And in view of the circumstances in which you find yourself as a publisher, don't you feel, as a Republican, that you would be justified in removing the tariff from this product without disturbing any other product?

Mr. PILLSBURY. I certainly do. Do you wish to copy the contracts, or take the substance of them?

The CHAIRMAN. We might as well have them. They are new contracts.

Following are the contracts referred to:

Agreement made this 21st day of July, nineteen hundred and five, between the Pejepscot Paper Company of Topsham, Sagadahoc County, Maine, hereinafter called the seller, party of the first part, and The Union Publishing Company, of Manchester, New Hampshire, of the ——— of ——— hereinafter called the purchaser, party of the second part.

Witnesseth: That

The parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The seller hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the seller for use in the publication of its daily and weekly newspaper published in the city of Manchester, fourteen hundred tons of news paper to be taken at approximately sixty tons per month, during the period from September 1, 1905, to September 1, 1907, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and the following basis of weight, viz.: 24x36-31/500, width of rolls to be 70", 17 1/2", and 35", and shall be delivered by the seller to the purchaser at its press room in Manchester, New Hampshire.

Second. The purchaser hereby covenants and agrees to pay to the seller for all paper to be furnished and delivered under this agreement .01 2/3 cents per pound (without reference to a production basis) actual gross weight of the rolls or bundles, including paper, wrapper, and twine, but excluding the weight of the cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash on the twentieth of the month or a note on 30 or 60 days for all paper shipped during the preceding month.

Cores shall be charged at the market price of cores, and shall be credited at the same price at the contract point of delivery for paper, when the bill of lading showing the number of cores is received by the seller, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The seller agrees to purchase from the purchaser at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the seller, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the seller, unless the purchaser shall state in his receipt for the goods, that the same are damaged and shall immediately advise the seller of that fact. All such damaged paper shall be kept for disposal of the seller.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the seller shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any causes beyond the control of either party, the seller shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the seller for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the seller may at its option, cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the seller for all loss and damage sustained by reason of such failure. This contract shall commence on the first day of September, 1905, and shall terminate on the first day of September, 1907.

In witness whereof, the parties hereto have hereunto set their hands and seals, at Manchester, N. H., the day and year first above written.

PEJEPSCOT PAPER CO.,
By F. C. WHITEHOUSE, *Treas.*
THE UNION PUBLISHING COMPANY,
By GORDON WOODBURY, *Treas.*

Witness for both:
ADNA T. DENISON.

Agreement made this 11th day of October, nineteen hundred and six, between the Pejepscot Paper Company, of Topsham, Sagadahoc County, Maine, hereinafter called the seller, party of the first part, and the Union Publishing Company, of Manchester, New Hampshire, of the — of —, hereinafter called the purchaser, party of the second part.

Witnesseth: That

The parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First: The seller hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the seller for use in the publication of its daily and weekly newspaper published in the city of Manchester, seven hundred and fifty tons of newspaper, to be taken at approximately seventy tons per month, with a leeway of five per centum (5%) over or under in quantity, during the period from September 1, 1907, to September 1, 1908, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and the following basis of weight, viz: 24 x 36/31 500, width of rolls to be 70", 17½", and 35", and shall be delivered by the seller to the purchaser at its pressroom in Manchester, N. H.

Second. The purchaser hereby covenants and agrees to pay to the seller for all paper to be furnished and delivered under this agreement two cents per pound (without reference to a production basis) actual gross weight of the rolls or bundles, including paper, wrapper, and twine, but excluding the weight of the cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash on the twentieth of the month, or a note on 30 or 60 days for all paper shipped during the preceding month.

Cores shall be charged at the market price of cores, and shall be credited at the same price at the contract point of delivery for paper, when the bill of lading showing the number of cores is received by the seller, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The seller agrees to purchase from the purchaser at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the seller, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the seller unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the seller of that fact. All such damaged paper shall be kept for disposal of the seller.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the seller shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any causes beyond the control of either party, the seller shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the seller for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the seller may at its option cancel this contract and refuse to furnish any more paper hereunder and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the seller for all loss and damage sustained by reason of such failure. This contract shall commence on the first day of September, 1907, and shall terminate on the first day of September, 1908.

In witness whereof the parties hereto have hereunto set their hands and seals, at ——— the day and year first above written.

PREPSCOT PAPER CO.,
F. C. WHETHOUSE, *Treasr.*
R. W. PILLSBURY, *Treas.*

Witness:

A. B. JOHNSON.

The CHAIRMAN. Now, Mr. Norris.

STATEMENT OF MR. JOHN NORRIS—Continued.

Mr. NORRIS. Mr. Chairman, if I may clarify and reduce, if I can, some of your inquiries in new directions: First, you have made inquiries about chemicals entering into chemical fiber, sulphite, and

soda pulp. While the Stevens bill does repeal those duties, yet I feel that I am in a position to say for the American Newspaper Publishers' Association that the repeal of the duty on the chemically ground wood pulp and the repeal of the duty on print paper valued at not over 2 cents a pound would adequately cover all of the requests which the publishers have in mind in asking for relief on the tariff. In other words, the very considerable importation, or the matter of the very considerable importation, of sulphite pulp and of soda pulp and of finer papers and their relations to other schedules in the tariff are not necessarily embraced in granting the relief which the American Publishers' Association has now in mind.

So much for that point.

The CHAIRMAN. In that connection, let me make this suggestion to you. Personally I never have been an extreme high tariff man, but I am not what is called a "tariff sharp." I have never given special attention to the subject of framing tariffs, or anything of the sort, and have no desire to. But it is manifest to any observer of current events that there is to a certain extent competition between the people who use news-print paper and the people who use book-print paper; in other words, a competition to a certain extent between newspapers, magazines, and book publications, and that in recent years there has been a tremendous increase in the percentage of use of the class of publications that are transmitted under the pound rate by mail, which consists largely of those who use news-print paper. Now, I am not undertaking to say how far it would be perfectly fair in the adjustment of business interests to remove the tariff on news-print paper and leave the tariff on on book-print paper.

Mr. NORRIS. Pardon me, if you are under a misapprehension on that. I did not differentiate. I said "print paper valued at not over 2 cents a pound."

The CHAIRMAN. I understand. But it excludes book-print paper.

Mr. NORRIS. It does not exclude mail-order publications.

The CHAIRMAN. That is what I understand. The removing of the tariff on news-print paper, by which we can name paper below 2 cents a pound, would give an additional advantage over what is now possessed to the cheaper publications as against the books, and as to how far that would be a proper adjustment I am not expressing any opinion, and I know nothing about it. But certainly it is something that would have to be taken into consideration.

Mr. NORRIS. It eliminates, however, a great many of the things which would have to be taken into consideration, such as the matter of the chemicals of which you spoke some time ago.

The CHAIRMAN. I understand; that is, the proportion of sulphite in news-print paper is comparatively small.

Mr. NORRIS. Yes; and it eliminates the very considerable quantity of chemical pulps which are imported, and which might be factors in such a calculation. I mention that merely because to my mind it seemed to simplify the aim of your inquiry, so far as it related to the demand or request of the newspaper publishers for immediate relief, upon an assumption that subsequently Congress intended to take up those various schedules and readjust them and attempt to do what it regarded as justice under the conditions as they existed.

Mr. SIMS. Let me right there ask this question: Is there so urgent a demand, if any demand, for removing the tariff from the higher class

of paper, costing over 2 cents a pound, as there is for removing it from those costing 2 cents or less?

Mr. NORRIS. I do not know as to the extent of that demand. We have shown figures wherein there was approximately a raise of about \$12 per ton on book paper, and that differs merely in percentage as compared with print paper valued at less than 2 cents a pound, merely because it starts off with a higher value. They had increased the book paper some of the grades, about \$12 a ton, and starting off with a price of \$70 per ton as a beginning, of course the percentage would not be as great an increase as where they started off with an article costing \$38 per ton delivered and raising it \$12.

Mr. SIMS. The loss to manufacturers incurred by paying the duty is not so great to those who manufacture the higher-priced grades of paper as those who manufacture the lower-priced paper?

Mr. NORRIS. Relatively not, and actually not, because there is not as much book paper used. I say relatively not, because of difference of values, and next because of difference in quantity.

Now, when you were examining the gentleman from the Bureau of Statistics I recalled that I have some data which has been published in the paper trade publications, and which does show that there is a record somewhere there of the value of print paper valued at less than 2 cents which is imported.

The CHAIRMAN. He said he would furnish us with that.

Mr. NORRIS. Of the value of print paper of less than 2 cents a pound imported?

The CHAIRMAN. Oh, yes. You misunderstood him. He said he could not furnish that distinguished as to Canada; but practically, I guess, it all comes from Canada.

Mr. NORRIS. I assume that was correct. Then I will submit a publication in the Saturday Evening Post, or in the New York Evening Post, about three months ago, wherein the matter of the import and export of paper by the National Paper Company largely was taken up, where I had seen the only figure which had ever been published as to the present export of news-print paper being approximately \$3,000,000 worth of news paper exported, of which the International Paper Company was exporting \$2,000,000, approximately 50,000 tons last year, which may or may not give a value of 2 cents per pound as the export price. I mean that is open entirely to further inquiry by you. Also to the fact that among the imports of mechanically ground wood there was a quantity used by the International Paper Company in the manufacture of paper which it exported and on which it obtained its rebates.

Mr. SIMS. "Drawback," I believe it is called in the act.

Mr. NORRIS. Yes. I have also a publication—I do not know its origin—which purports to come from the Bureau of Statistics, giving the divisions on mechanically ground wood imported and the chemical pulp. I have that record showing that there is a division somewhere in the Departments, showing the imports of pulp as between the mechanically ground wood and the chemical.

The CHAIRMAN. I think you did not understand Mr. Whitney when he was here. What he stated was that they were able to tell from their reports here the amount of pulp imported from Canada; the amount of ground pulp imported; the amount of sulphite imported, and the chemical pulp at the different prices; that is, unbleached and

bleached; but not the amount of ground pulp and unbleached chemical pulp separately imported from Canada or any particular country; in other words, that they were not differentiated as to countries. But I think they can get it, so far as it is necessary to have it.

Mr. NORRIS. I think it is immaterial whether it comes from Canada or not.

The CHAIRMAN. It may be immaterial, but we made the inquiry so that we would have it in case we wanted it.

Mr. NORRIS. Possibly preliminary to your inquiries of the publishers with respect to the tariff and its effect, I would suggest to you one point upon which we will rely, as bearing materially upon the differentiation of newspapers from all other tariff subjects as covered by the Stevens bill. That is, why there should be revision by piecemeal; why there should be discrimination at this time; why you should make exception of newspapers at this time; and the reason of it is substantially this: That the price of the newspaper is like the price of the postage stamp. It is fixed. It is ingrained into the habits of the people, and the price can not be altered to suit varying conditions of the paper market.

The CHAIRMAN. Is not this the case, Mr. Norris: The weekly or monthly price of a newspaper must bear some relation to the price of a single copy? The price of the daily newspapers, for ordinary week-day issues, is mostly from 1 to 3 cents.

Mr. NORRIS. What is that, sir?

The CHAIRMAN. From 1 to 3 cents.

Mr. NORRIS. For what?

The CHAIRMAN. For ordinary week-day issues. Is not that correct?

Mr. NORRIS. It is correct, subject to this qualification, that the 1-cent circulation is in New York, for instance, between 85 and 87 per cent of the total newspaper circulation.

The CHAIRMAN. That is not a qualification at all. That is an amplification.

Mr. NORRIS. Only so that that is understood.

The CHAIRMAN. The point is, I say, they run from 1 to 3 cents. There may be 5-cent daily papers somewhere, for all I know, but if so, I do not happen to see them.

Mr. BANNON. The Cincinnati Enquirer is a 5-cent paper.

The CHAIRMAN. Sure?

Mr. BANNON. Yes, sir. It is a 5-cent paper, and it has the largest circulation of any paper through Ohio and Indiana and Kentucky.

The CHAIRMAN. Does it sell for 5 cents on the streets in Cincinnati?

Mr. BANNON. Yes; 5 cents on the streets and 5 cents from all the newsboys.

The CHAIRMAN. I still have some respect for the people of Cincinnati.

Mr. NORRIS. The sales on the streets, relatively, are so small that that phase of it has a very slight relation. I am familiar with the street sales in Philadelphia and New York. In New York, on a morning paper having 140,000 circulation, the street sales would not amount to 3,000; that is, the sales by the boys.

The CHAIRMAN. But it is still true that the price to subscribers, where it is delivered, must bear a pretty close relation to the street price?

Mr. NORRIS. If it is a 5-cent paper for seven days in the week, it would be sold with a close relation to 35 cents.

The CHAIRMAN. Oh, it must be sold for a considerably higher price than a 3-cent paper or a 2-cent paper or a 1-cent paper.

Mr. NORRIS. There are so very few 5-cent papers left that really the perspective of it fades away to nothing.

The CHAIRMAN. It does not make any difference about the 5-cent paper or the 3-cent paper, for that matter. What I wanted to say was, the ordinary price being from 1 to 5 cents per copy and the usual price being 1 cent to 2 cents, and I presume the most common price being 1 cent, there is no way of increasing to a slight degree or a small percentage the daily price of the paper; you can not increase a 1-cent paper without making it a 2-cent paper.

Mr. NORRIS. That is right.

The CHAIRMAN. As far as the street price is concerned. Of course you can make a distinction in the price for which it is sold to the newsboy or the price it is sold by the week, but as far as the street price is concerned there is no difference. There is no amount between 1 and 2 cents; it is 1 or 2. Hence you can not add to the selling price of the paper ordinarily a small increase in the cost of production. Is that correct?

Mr. NORRIS. That is correct. We could not present a better statement than you have made for us.

The CHAIRMAN. Of course, that is the side of the case as it seems to me; that may be; I do not say that it is. That may differentiate it from almost any other matter. We have had the boot and shoe proposition up. The shoemakers want free hides, in the main, as I take it, because a large number of them were selling a particular quality of shoe at a particular advertised price which they could not conveniently change. But here is a case where the cost of the paper probably represents in the neighborhood of one-half of the selling price of the paper, in some cases probably more than that, in some cases less, and where you can not make a slight increase, and where a considerable increase in cost is very difficult to meet in the increase of the selling price. That is practically something which you claim differentiates the publication of the ordinary newspaper from any other line of production?

Mr. NORRIS. Precisely.

Mr. BANNON. May I make another suggestion right there?

The CHAIRMAN. Certainly; these are merely points that occur to us.

Mr. BANNON. While you can not increase the price of the paper slightly; that is, if you want to increase the price of a 1-cent paper you must double it, or a 2-cent paper you must raise it to 3 cents, could the price of advertising carried by those papers be slightly increased to make up the added cost of the paper?

Mr. NORRIS. Unfortunately not.

The CHAIRMAN. I suppose they get all they can anyhow.

Mr. NORRIS. Unfortunately not, for this reason: In the first place, the paper makers have made all of the newspaper contracts expire at different periods, so that it would not be possible to bring the pressure uniformly at the same time in any one city on all the publishers, and those who had not the pressure on them would, of course, refuse to make any concessions which would help a rival, and the practical working out of it is that the burden of increased cost of

news-print paper is saddled directly upon the publisher who is not able to pass the burden along to his customers, as is ordinarily the case.

Mr. BANNON. Well, when your contract with a given advertiser expires could you not increase that 3, 4, or 5 per cent?

Mr. NORRIS. The advertiser gives all that the traffic will bear. If it were so that it were merely a competition with newspapers it would be quite different, but it is newspapers with street cars, it is newspapers with billboards, it is newspapers with almost every other kind of attraction, and the result is that a raise in price merely drives them from newspaper advertising to other methods of attracting trade, and the newspapers, with the incentive or the pressure of the burden of increased cost of paper, are uniformly aiming to increase their revenues from advertising, and have advanced them up to the limit which they can safely go. The addition of a burden of news-print paper cost can not goad them to any higher rates than they have already gone. The advertising rate is controlled by other factors entirely independent of it, and they simply can not pass that burden along to the advertiser; they must bear it themselves, and the result is you have instances like General Angus, practically all of the profits of the property representing his life's work taken from him within a week, on a week's notice. You have the instance of the Philadelphia Inquirer, where it is given twenty days in which to accept the alternative of an increase in price of \$12 per ton on 13,000 tons, or \$156,000. And you have it not merely in these striking cases, you have it in so many cases of smaller publications and smaller cities where publishers have absolutely found that this increase took from them every dollar of earnings that there was in the property, and that makes the urgency, and it is because it is the result of a certainly developed addition to the cost, so abrupt, that they have not had time or opportunity to adjust themselves to the jolt.

Mr. BANNON. We heard from a man from Manchester who has from now to September under his contract. He is getting his paper for about \$40.

Mr. NORRIS. There are some who are getting it for less than \$40 under favorable contracts, as you know; but their time will come.

Mr. BANNON. Do you think it is good business judgment for a person to wait until he can be sewn up in a period of twenty days on a contract?

Mr. NORRIS. It was not an instance where business judgment was to be displayed; this was done four or five months before the expiration of his contract. We may differ as to methods, what is the proper course to pursue. I do not feel that I am free to express what I would do if I were put in that position. Personally, I think I would do nothing of the sort, but we differ in degrees of aggressiveness. Some publishers lay down and accept what is given to them; some may show pugnacity, which may result to their advantage.

Mr. BANNON. Publishers are getting like politicians, then.

Mr. NORRIS. Well, General Angus said publishers are timid. I am afraid some of you may think they are cowardly.

May I state to the committee the possibility of an inquiry as to transportation paid by western mills for Quebec pulp wood? The point which I have in mind, and which possibly Mr. Stafford may feel very keenly about, is the fact that under present conditions the western

mills are transporting their pulp wood 1,400 and 1,500 miles, and that mere transportation puts them at a disadvantage with eastern mills, so that they are frequently undersold in their own markets by eastern mills, which have pulp wood in closer proximity.

Also, may I suggest, for the consideration of the committee, an inquiry of the American consul at Three Rivers as to prices on pulp wood and increased cost, if any, of delivering pulp wood at shipping points?

The CHAIRMAN. Doing what is that? Repeat that.

Mr. NORRIS. Inquiry of the American consul at Three Rivers as to prices on pulp wood at that place, because that is one of the great shipping points of Canada, and the increased cost, if any, in cutting and delivering pulp wood at the shipping point. I mean such an inquiry would tend toward accurate information for the committee upon a material factor in this study. Incidentally, I have here a memorandum which shows that for the fiscal year 1907 the print paper valued at not over 2 cents per pound was \$312,772, which would give an importation, at an approximate valuation of \$38 per ton, of about 8,200 tons of news-print paper during that fiscal year.

The CHAIRMAN. And, in your opinion, that practically all came from Canada?

Mr. NORRIS. Practically all came from Canada. I think it can be assumed that that came from Canada, and it has varied from substantially nothing in many years, when the prices were low here, up to about that figure, which I think is close to the maximum importation.

I also call attention to a publication in the Paper Trade Journal of January 2, 1908, giving an analysis of import statistics, in which it continues the analysis which I have before referred to, wherein it appears that the value per ton of mechanically ground pulp wood for the year 1907 was less than for the year 1905 or 1906.

The CHAIRMAN. What is this in?

Mr. NORRIS. This is an analysis of import statistics in the Paper Trade Journal of January 2, 1908, giving a summary of the reports, apparently, of the Bureau of Statistics, and bearing especially on the amounts entered for consumption.

The CHAIRMAN. Does that say mechanically ground wood pulp?

Mr. NORRIS. It divides them, mechanically ground, 0.65 per pound for the year 1907, and of chemical unbleached, 1.76 per pound, and of chemical bleached, 2.46 per pound for the year 1907, showing slight increases in the chemical bleached and unbleached, but a decrease in the mechanically ground pulp. And upon that point it says [reads]:

Another interesting fact demonstrated by the returns of consumption entries is the average foreign value per pound of the various classes of pulp, shown as follows:

It also gives a table of the values of mechanically ground wood pulp entered for consumption in the years 1905, 1906, and 1907, which would indicate that the amount in 1905 was close to the amount in 1907. I mean dividing the value per pound by the total value we would ascertain accurately from these figures the quantity of mechanically ground wood pulp entered for consumption.

I promised the committee, or I stated to the committee yesterday, that I would give more matter relating to Canadian values and to countervailing duty. I submit a memorandum or report from

the Paper Trade Journal containing a dispatch from Detroit, Mich., December 9, 1907, giving the story of—

a clash between United States Consul Worman, at Three Rivers, Quebec, and four big Canadian paper companies, twenty carloads of roll paper used by newspapers are tied up in Detroit, and W. H. Allison, local customs broker, to whom it was consigned, faces the possibility of having to pay a penal duty of about \$4,400.

That is based upon a charge of undervaluations. The contention of the Government was that the price of paper at the mills was \$40 or more on the ton, while the paper men declared that it had not gone higher than \$38. In the matter of the price in Canada, J. H. Acer, of the Laurentide Paper Company, was the first witness. He said [reads]:

The average sales price at our factory in July, 1907, for home consumption was \$36.64, while for United States customers the average price was \$36.30; for the month of August the Canadian price was \$36.27 and for the United States \$37.20; for September the Canadian price was \$36.22 and for United States \$38.14. The Canadian price is stationary, while the American price is rising.

After hearing the evidence of the Canadian paper manufacturers that their material was not being sold at the mills for 2 or more than 2 cents a pound, General Appraiser Howell intimated that his decision would uphold the Canadians. Mr. Howell decided that the cars held up should be released at once.

Following is the article referred to:

CLAIMS NEWS FROM CANADA WAS UNDERVALUED.

DETROIT, MICH., December 9, 1907.

As the result of a clash between United States Consul Worman, at Three Rivers, Quebec, and 4 big Canadian paper companies, 20 carloads of roll paper used by newspapers are tied up in Detroit, and W. H. Allison, local customs broker, to whom it was consigned, faces the possibility of having to pay a penal duty of about \$4,400.

General Appraiser Howell, with headquarters in New York, tried the case in the local appraisers' office in the old Federal building Tuesday. The contention of the Government is that the price of paper at the mills is \$40 or more on the ton, while the paper men declare it has not gone higher than \$38. The United States tariff provides that the duty on white paper, when the price is under 2 cents a pound, or \$40 a ton, shall be three-tenth cent per pound, while if the price is between 2 and 2½ cents a pound the duty shall be four-tenth cent a pound. The Government alleges, on the strength of reports from the consul at Three Rivers, that the 20 carloads tied up here were appraised at a lower rate than 2 cents a pound, or \$40 a ton, to escape the additional one-tenth cent duty.

The recent rise in the price of white paper and the difference of prices and consumption in United States and Canada were shown in the testimony of J. H. Acer, of the Laurentide Paper Company, the first witness. "The average sales price at our factory in July, 1907, for home consumption was \$36.64, while for United States customers the average price was \$36.30; for the month of August the Canadian price was \$36.27 and for the United States \$37.20; for September the Canadian price was \$36.22 and for United States \$38.14," said he. "The Canadian price is stationary, while the American price is rising."

After hearing the evidence of the Canadian paper manufacturers that their material was not being sold at the mills for 2 or more than 2 cents a pound, General Appraiser Howell intimated that his decision would uphold the Canadians. Mr. Howell decided that the cars held up should be released at once.

Mr. NORRIS. I also give the full text of the decision of Appraiser Summerville in the matter of a protest by the Crowell Publishing Company, the Diem and Wing Paper Company, and other paper companies, with respect to a countervailing duty on Canadian news paper.

Mr. BANNON. The Diem and Wing Paper Company is in Cincinnati?

Mr. NORRIS. It does not say where it comes from. The Diem and Wing Paper Company, the Tennessean Company, the Rhinelander

Paper Company, and the Tomahawk Pulp and Paper Company. Shall I read that, or merely enter it for the record?

The CHAIRMAN. If it is any information, read it in the record. We may not see it.

Mr. NORRIS (reads):

In the matter of protest 284706/1200, etc., of the Crowell Publishing Company et al. against the assessment of duty by the collector of customs at the port of Port Huron, Mich., before Board No. 3.

Summerville, general appraiser. Protest 284707 was submitted on the record by letter. In the case of the other protests the importers failed to appear at the hearing, although due notice was sent to the addresses given in the protests.

The merchandise in question is printing paper of the kind described in paragraph 396 of the present tariff act, and was assessed for duty at the rates therein specified. The importers take exception to the assessment of the countervailing duty under the provision in said paragraph which reads as follows:

"396. * * * Provided, That if any country or dependency shall impose an export-duty upon pulp wood exported to the United States, there shall be imposed upon printing paper, when imported from such country or dependency, an additional duty of one-tenth of 1 cent per pound for each dollar of export duty per cord so imposed, and proportionately for fractions of a dollar of such export duty."

There is nothing in the records to successfully controvert the correctness of the classification as made by the collector.

The protests are, therefore, all overruled, and the collector's decision affirmed in each instance.

I have an impression that that decision was largely on technicalities as to what was shown and what was not shown. Here is another report on another phase.

The CHAIRMAN. In this last one the countervailing duty was sustained?

Mr. NORRIS. Was sustained; yes, sir.

The CHAIRMAN. But it does not show upon what basis that countervailing duty was levied?

Mr. NORRIS. No, sir. Here is another decision of Judge Summer-ville, printed in the Paper Trade Journal, in an article headed 'Countervailing duty up again.' [Reads:]

The protests were entered by W. H. Allison, of Detroit, Mich., against the assessment of a countervailing duty of 25 cents per cord of pulp wood used in the manufacture of the pulp in question, in addition to the regular duty as provided for in the tariff. The greater part of the pulp was exported by the Thorold Pulp Company (Limited), Thorold, Ontario, and the Riordon Paper Mills (Limited), Merriton, Ontario.

This is probably referring to the same case as that in which the testimony of Mr. Acer, of the Laurentide company, was given as to the price, because it refers to a carload shipped to W. H. Allison. [Reads:]

The main point in the decision of the board centers in the question as to whether the pulp wood used in the manufacture of the pulp imported was cut on either private or Crown lands in the Province of Ontario or in the Dominion of Canada. Because the testimony of the importer on this question was not of a specific nature the protests were all overruled.

I gather from this that it was because the information was not furnished as to where the lumber had been cut.

The CHAIRMAN. It would seem to indicate from that, of course—

Mr. NORRIS. Shall I read the decision?

The CHAIRMAN. Yes; I thought you had read it.

Mr. Norris (reads):

The importations covered by these various protests consist of wood pulp shown by the record to have been exported in most cases by the Thorold Pulp Company (Limited), and the Riordon Paper Mills (Limited), of Ontario, Canada. Duty was assessed

on the merchandise at the regular rates provided in paragraph 393 of the tariff act of 1897, and in addition thereto there was assessed the further duty of 25 cents per cord of pulp wood used in the manufacture of the wood pulp in question. The importer protests against the countervailing duty.

The protests are submitted on the record without the introduction of any testimony tending to show that the wood was manufactured from wood cut in the Province of Ontario or was manufactured wholly or in part of pulp wood cut on private lands as distinguished from Crown lands. In some of the protests there is nothing to show where the wood was cut, except notations on the face of certain of the invoices to the effect that it was cut in Ontario. The protests are all overruled and the decision of the collector affirmed in each instance.

In the case of protest 261471 the invoice sets forth the percentage of wood alleged to have been cut from private lands; again, while some of the invoices are sworn to, there is nothing to show how or where the person swearing to the origin of the wood obtained his information. Further, in the case of protest 54109B, it was submitted on some evidence taken before the board in 1902; but upon examination it is found that such testimony related only to wood pulp manufactured by the Sault Ste. Marie Pulp and Paper Company, and therefore can have no bearing on this case.

In the case of some of the other invoices, they do not even purport to show where the wood was cut, and in the case of protest 108071 it is not even shown who shipped the merchandise. In our judgment the importers have certainly failed to establish by an affirmative proof that the wood pulp in question was manufactured from wood cut in the Province of Ontario or that any definite portion of the wood pulp was manufactured from wood cut on private lands in the Dominion of Canada.

The CHAIRMAN. That would seem to indicate—it ought to be a step that could be easily ascertained—that on wood exported from the Province of Ontario, cut on Crown lands, there is an additional charge which our Government construes to be giving a preference, authorizing an increase in the duty under the provisions of the Dingley Act. Do you understand? Does it not seem to indicate that?

Mr. NORRIS. It indicates that this particular material, this paper, in order to avoid the countervailing duty, must have avoided that 25-cent additional license by having been manufactured into pulp in Ontario or having been cut from private lands.

The CHAIRMAN. Well, I understood you to read yesterday an order of council that required this pulp wood, when cut in Ontario, Canada, to be manufactured there.

Mr. NORRIS. Into pulp or paper.

The CHAIRMAN. Yes.

Mr. NORRIS. Yes. Now, if it is manufactured into pulp in Ontario, it has escaped; it will have escaped that additional license, and therefore it is not subject to the countervailing duty when it comes here in any form; but if it had not done that, if, for instance, the pulp wood had been cut in Ontario and taken into Quebec, I imagine it would have been subject to the countervailing duty; or if it had been cut on private lands in Ontario, it would not be subject to the countervailing duty.

The CHAIRMAN. Yes; but was this pulp wood that this decision was about?

Mr. NORRIS. No. [Reads:]

The main point in the decision of the board centers in the question as to whether the pulp wood used in the manufacture of the pulp imported was cut on either private or Crown lands in the Province of Ontario or in the Dominion of Canada.

The CHAIRMAN. Yes; but you see that is what I was trying to find out. There it had been manufactured into wood pulp in Ontario, Canada.

Mr. NORRIS. Yes.

The CHAIRMAN. And yet the question was whether there should be a countervailing duty levied against it under some provision up

there, evidently, which placed practically a higher charge, at least on pulp wood cut on Crown lands, if it should be exported, and they sustained this countervailing duty on the wood pulp.

Mr. NORRIS. They sustained it. My reading, my interpretation, is that they sustained it because the protestants had not affirmatively proved that it had not paid this additional license tax.

The CHAIRMAN. Oh, no, you misunderstand that; they affirmed it because the protestants had not affirmatively shown that this pulp wood was cut on private lands and not on Crown lands; and they assumed that if it were cut on Crown lands, then there must be a countervailing duty, and, there being no proof to the contrary, they sustained the countervailing duty. We must find out about that.

Mr. NORRIS. I simply thought it was a matter which, sooner or later, the committee would want to dig into and that this might be informative.

The CHAIRMAN. I would like to dig into it now and find out, if we can.

Mr. STAFFORD. Mr. Chairman, I have here copies of the decisions in the cases of *Myers v. United States*, United States circuit court of appeals, decided May 2, 1906, and *Heckendahl v. United States*, United States circuit court of appeals, decided April 14, 1908, wherein that precise question is decided, and it is held that the levying by the Province of Quebec of a higher license charge for the cutting of wood per cord when it is used in the manufacturing of wood pulp for exportation than when it is used for local consumption is construed to be within the purview of paragraph 393 of the tariff act of 1897, which requires a countervailing duty to be levied on the pulp imported from a country or dependency which shall impose an export duty on pulp wood.

Mr. NORRIS. You said the Province of Quebec?

Mr. STAFFORD. The Province of Quebec.

Mr. NORRIS. The Province of Quebec or Province of Ontario?

Mr. STAFFORD. This decision says in the Province of Quebec.

Mr. NORRIS. I did not know there was—

Mr. STAFFORD. Both of these decisions relate to the Province of Quebec. By the way, when I obtained these decisions, I requested the Treasury Department to furnish me with some of their recent decisions on this very point, and in this morning's mail I received a letter from Assistant Secretary Reynolds, which contained these inclosures.

The CHAIRMAN. Suppose, Mr. Stafford, you ask the Treasury Department to furnish us a statement as to the facts concerning the exportation of pulp wood, or wood pulp, from Canada, upon which they base any claim of countervailing duty.

Mr. McCORMICK. From the several provinces?

The CHAIRMAN. Yes; from any place.

Mr. STAFFORD. I shall gladly do so, Mr. Chairman. In fact, this letter and these decisions cover that very point. It covers the ruling of the Department, as do also the decisions of the courts affirming the decision of the Department, that where a province has two different rates, license fees for the cutting of wood, one lower when it is used for local consumption than where it is used for exportation, that that will be construed as a preferential duty and the countervailing duty of the Dingley tariff act is to be applied.

The CHAIRMAN. Yes; but we want to know what those license fees are in the respective cases, and what they apply to, if we can get at it.

Mr. NORRIS. I also call attention to a publication in the Paper Mill of a dispatch from Shawinigan Falls, Quebec, January 28, 1908, which states that the exports from those two mills to the United States in the matter of paper were \$207,701 in 1907 and \$2,000 in 1906.

The CHAIRMAN. What mills were those?

Mr. NORRIS. The Shawinigan and the Laurentide, which are—

The CHAIRMAN. That shows an increase?

Mr. NORRIS. An increase of 100, apparently, in quantity, one hundred times as much from those two mills in 1907 as in 1906.

Following is the article referred to:

SHAWINIGAN FALLS PAPER AND PULP OUTPUT.

SHAWINIGAN FALLS, QUEBEC, *January 28, 1908.*

The Belgo-Canadian Pulp and Paper Company, whose assessed value is now several million dollars, is, as its name indicates, a concern capitalized by Belgian and Canadian capitalists, specially devoted to the industrial side of Shawinigan Falls' facilities.

Besides its capacity to manufacture 100 tons of pulp and 50 tons of paper per diem, the company carries on a large lumber business as the owner of 765 square miles of timber limits in the St. Maurice Valley. It exports to the United States and to the Continent of Europe, principally over the Great Northern Railway.

The exports of wood pulp of the company to the United States amounted in 1906, together with those of the Laurentide Paper Company, to \$133,426, and in 1907 to \$193,153, while from these two mills there was exported to the United States paper to the value of \$207,701 in 1907, although such export had in 1906 amounted to but \$2,094.

Mr. NORRIS. You would not be interested, especially, in the annual statement of the Laurentide Paper Company?

The CHAIRMAN. What about it?

Mr. NORRIS. The annual statement of that company. It deals in matters other than paper, so that possibly these figures would not be especially illuminating.

The CHAIRMAN. We would be glad to have it.

Mr. NORRIS. I will put it in, then.

The CHAIRMAN. What does it show?

Mr. NORRIS. It shows that their mill netted them, from ground wood, sulphite pulp, paper, cardboard, and lumber, \$500,000 in the year ending June 30, 1907, from which deduct bond interest, interest on loans, and other charges, \$216,000, leaving a profit for the year of \$283,000.

The CHAIRMAN. How long has this mill been established, Mr. Norris?

Mr. Norris. About ten or twelve years.

The CHAIRMAN. Is it a strictly modern mill, or not?

Mr. NORRIS. It is a fine mill; it is the one of which Sir William Van Horne is the president, but my impression is—I have never been there—my impression is that it is one of the best equipped mills in the country, though I do not know to what extent they have added the latest high-speed paper machines.

Mr. SIMS. Do you know the capital stock? Is it shown there?

Mr. NORRIS. No, sir; it gives the profit and loss account in detail, giving dividends on common stock.

Mr. SIMS. What is the dividend?

Mr. NORRIS. It is \$48,000; it does not give it in a way to indicate the percentage.

Following is the article referred to:

LAURENTIDE COMPANY—ANNUAL MEETING OF THE CANADIAN COMPANY AT MONTREAL—
THE FINANCIAL STATEMENT—THE ELECTION OF DIRECTORS.

MONTREAL, CANADA, October 21, 1907.

The annual meeting of the shareholders of the Laurentide Paper Company was held last week and the directorate was reelected as follows:

Sir William Van Horne, K. C. M. G., Richard B. Angus, James Ross, Charles F. Smith, Charles R. Hosmer, Edwin Hanson, George Chahoon, jr.

At a subsequent meeting of directors Sir William Van Horne was reelected president and George Chahoon, jr., vice-president.

Annual statement.

The annual statement was as follows:

"The profits for the company's business for the year ended June 30, 1907, after providing for interest and contingent accounts, were \$283,321.33.

"From the profits have been paid four quarterly dividends of 1½ per cent each on the preference stock, and two semiannual dividends of 3 per cent each on the common stock, aggregating \$180,000, and \$20,000 has been added to the depreciation reserve, leaving a balance of \$83,321.33 to be carried forward.

"Extraordinary repairs, changes, and improvements, aggregating \$34,062.30, have been included in working expenses, also \$15,371.98, an amount lost in unsuccessful litigation, which originated at the time of the organization of the company in 1899.

"The marked reduction (\$474,000) in the company's obligations to the bank is a gratifying feature of this report, and is largely due to the improved handling of the company's log supply.

"There has been a decided improvement in the paper market, and the outlook for the coming year is excellent."

Financial tables.

The working account for the year ended June 30, 1907, was as follows:

Mill nets from ground wood, sulphite pulp, paper, card board, and lumber.	\$500,286.97
Deduct bond interest, interest on loans, and other charges.....	216,965.64

Profits for the year.....	283,321.33
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The profit and loss account stands:

1906.			
July	1. By balance	\$159,645.74	
1907.			
June	30. By profits for year.....	283,321.33	442,967.07
1906.			
Aug.	5. To dividend on common stock.....	48,000.00	
1907.			
Feb.	5. To dividend on common stock.....	48,000.00	
1906.			
Oct.	2. To dividend on preference stock.....	21,000.00	
1907.			
Jan.	2. To dividend on preference stock.....	21,000.00	
Apr.	2. To dividend on preference stock.....	21,000.00	
June	30. To dividend on preference stock, due July 2, 1907.	21,000.00	
June	30. To depreciation reserve.....	20,000.00	200,000.00
			242,967.07
Surplus.....			

Mr. NORRIS. May I just, for what it is worth, state the result of an examination of various Canadian sources of information with respect to the timber lands and other matters in Canada bearing on this point?

The CHAIRMAN. Yes.

Mr. NORRIS. That in the Province of Quebec, according to the latest publication which I have been able to reach, there are 70,000 square miles of crown lands under license, of which 12,000 are held by Americans, and this, as I read it, excludes Canadian companies owned by Americans, such as, for instance, the St. Maurice Lumber Company, which is a subsidiary company of the International Paper Company. That in addition to the 70,000 square miles of crown land under license, there are 100,000 square miles of crown lands not under license.

Mr. SIMS. That is in that one province?

Mr. NORRIS. In that one province. That the International Paper Company's subsidiary companies in Canada appear to be the St. Maurice Lumber Company, the American Realty Company, and the Miramichi Lumber Company. I do not know whether the interest of the International Company in those subsidiary concerns is complete or partial; that is, whether the company as such owns all of the stock, or whether it owns only a part of it and others are participants in whatever results are brought about by it.

That in Quebec, the country between Quebec and Hamilton Inlet, a distance of 750 miles in a straight line, is a fair forest reserve, and that Ontario forests extend 1,000 miles west from the Quebec boundary with an average depth of area of 150 miles. That approximately 80,000 square miles of that area is available for this forest supply.

The CHAIRMAN. Do you mean by that 150 miles across a strip north and south?

Mr. NORRIS. North and south.

The CHAIRMAN. And what distance east and west?

Mr. NORRIS. One thousand; that would be, if everything were included, 150,000 square miles, and the estimate that I have is that of that 80,000 square miles is available, with an average of 6 cords to the acre, or 144,000,000 cords.

The CHAIRMAN. Where do you get that estimate from, Mr. Norris?

Mr. NORRIS. From the Toronto Globe. It had a series of publications. That year it sent men out to examine the pulp wood and paper interests of Canada.

The CHAIRMAN. Was that an investigation made by scientific men?

Mr. NORRIS. Not at all, but it purported to give statements of public officials and of such men as Sir William Van Horne and the great paper makers of Canada, Mr. Booth and Mr. Eddy, and the head of the department of forestry and others who had been engaged in controversy over the matter of the export duty on pulp wood. I gave a copy of a pamphlet containing that data to Mr. Stafford; a copy of it is available for the committee, if it desires.

The CHAIRMAN. Do you know the character of that wood; is it good lumber?

Mr. NORRIS. I understand that that 144,000,000 cords refers to spruce.

The CHAIRMAN. That is, the 80,000 square miles is spruce. Does that include all of the timber on the acreage?

Mr. NORRIS. I do not know; I simply absorbed from that that they had figured out an average of 6 cords to the acre, which is more than they have been figuring on some of the acreage in the United States. Mr. N. M. Jones, in his estimate, figured on a basis of 4 cords

to the acre. It might very readily be that one belt might have 10 cords to the acre and another only 3, according to the growth of the timber.

Further, that in New Brunswick there were 10,000 square miles of Crown lands available for pulp-wood purposes, in addition to other lands held in fee simple. That the Canadian paper makers complained because the American paper makers sold American paper in Britain cheaper than they did in the American market; in other words, that they dumped their excess product abroad and interfered with the Canadian export market. Another firm engaged largely in the pulp-wood business is Stetson Cutler & Company, at Bangor, Me., which has a large lumber mill at St. John, New Brunswick, and has under lease the pulp mill at Mispec, not far from St. John, in New Brunswick; that 99 per cent of the output of this mill goes to the United States; also that the Bay Shore Lumber Company, of Brunswick, Me., has a rossing mill some distance below St. John, where pulp wood is treated and then sent on to American mills; also that the manufacture from American-cut lumber in New Brunswick is admitted free into the United States as an American product; that a peculiar situation arises in the northern part of Maine—the logs in all the streams above a given line flow into the St. John, are cut in Maine, are manufactured in New Brunswick, and brought into the United States as American product. It may be a factor in some of your computations, some of your figures.

The CHAIRMAN. What is manufactured there? Is there any paper?

Mr. NORRIS. I am not certain; it is possible that they make wood pulp there. It simply put me on notice that there was a variation from ordinary conditions which might slightly alter figures and that it was at least worth noting.

The CHAIRMAN. That grows out of the river being the boundary line there?

Mr. NORRIS. Yes; that is right.

The CHAIRMAN. And it has been a peculiar condition there for a great many years, ever since Daniel Webster said it was more important to possess that river than it was to possess the whole Northwest.

Mr. NORRIS. The fact that they take the lumber from the American line, cut from the American side, manufacture it on the Brunswick side, and then admit it to the American mill as American product might affect some of your totals. I do not know that it does.

Mr. SIMS. In taking a statement of the New Brunswick manufacturers would that lumber pulp, or whatever it may be, taken from Maine over there, be included in the New Brunswick report of supplies or manufactures?

Mr. NORRIS. I am not quite sure it would be included in the New Brunswick compilation of manufactures if they make such, but it is admitted into American mills as American production.

Mr. SIMS. Then also counted in the American report in the State of Maine, and in that way counted twice?

Mr. NORRIS. Yes. Also that Carl Riordon, of the Riordon Pulp Company, says the Canadian wage rate is equal to the American. There is a line of inquiry that Mr. Stafford will be especially interested in.

Mr. STAFFORD. Who is Mr. Riordon?

Mr. NORRIS. Carl Riordon is the head of the Riordon Pulp Company. His name is in the directory. He headed the list of the sulphite men who attended the sulphite meeting in New York, where prices were fixed for the United States.

Mr. STAFFORD. When and where did he make that statement?

Mr. NORRIS. He made it in the Toronto publication in an interview which he gave.

Mr. STAFFORD. Did he designate the character of labor that was the same?

Mr. NORRIS. The only statement that I know he made was that the Canadian wage rate is equal to the American, without attempting to give any details. I will also endeavor to illuminate the subject as soon as I get the release from the committee's session.

I also notice in those publications that the Wisconsin mills had designated a joint buyer in Quebec for their productions of pulp wood, which would show certain action in concert.

Mr. STAFFORD. Can you state when they have designated and for what period of years?

Mr. NORRIS. Recently, I mean for last year, as I understood it.

Mr. STAFFORD. During the time that the General Paper Company was in force?

Mr. NORRIS. In the year 1907; the General Paper Company was dissolved in 1906—May. That supplements the appearance of Mr. Hurlburt, who represents all of them with reference to their traffic rates.

May I also call attention to a passage in the speech of Congressman Littlefield, of Maine, printed in The Paper Trade Journal of January 16, 1908, wherein he says that [reads]:

At the present rate of cutting it is estimated that the forests of Maine will be depleted in thirty years.

The CHAIRMAN. I think it would be wise, in connection with the statement that you made in reference to wood cut in Maine being manufactured in New Brunswick, to have the thing correctly stated in the record. This is the provision of the law, being section 20 of the Dingley tariff act. [Reads:]

That the produce of the forests of the State of Maine upon the St. Johns River and its tributaries, owned by American citizens and sawed or hewed in the Province of New Brunswick by American citizens, the same being otherwise unmanufactured, in whole or in part, which is now admitted into the ports of the United States free of duty, shall continue to be so admitted under such regulations as the Secretary of the Treasury shall from time to time prescribe.

It does not include manufactured products; it does not permit it to be manufactured in New Brunswick.

Mr. NORRIS. Is there not treatment of it? Is there not handling of it by American citizens in New Brunswick when sawed or hewed in the forests of Maine?

The CHAIRMAN. Oh, certainly; there is treatment of it.

Mr. NORRIS. It does not amount to manufacture.

The CHAIRMAN. Well, I would not call it a manufactured article, although, possibly, it would be called that, but it certainly does not mean ordinary manufactured articles. We understood from you, and I think your understanding was when you were giving us the reference to the matter, that they could take this lumber into New Brunswick and manufacture the wood pulp, and then bring it in free.

Mr. NORRIS. I would assume that it might be possible to make it into wood pulp, but I would not assume that it would go as far as paper.

The CHAIRMAN. I would not assume that it would be possible to make it into wood pulp, because all they can do with it under this is to saw it or hew it.

Mr. NORRIS. I thought that applied to where it was sawed or hewed in Maine.

The CHAIRMAN. Oh, no; sawed or hewed in the Province of New Brunswick by American citizens, so that that eliminates the point that you had in mind.

Mr. NORRIS. That shows my unfamiliarity with every provision of the Dingley tariff.

Mr. SIMS. You do not mean with "every" provision, but some provisions.

Mr. NORRIS. Some provisions. May I also call attention to a publication in The Paper Mill of June 8, 1907, wherein it gives the countries to which we had sent our printing paper during the ten months' period. It is possible that this is open to all sorts of explanations, that it is not paper valued at over 2 cents. But the point I had in mind, and which was based on this, was that in that period our exports of print paper at a time when on print paper the American market was being starved and a paper famine was working out that the shipments to Mexico, Cuba, Argentine, Chili, and Japan had increased, though it should be stated that the total had not increased.

Mr. STAFFORD. That is entirely compatible with the position that there might have been prior contracts which the American manufacturers were obliged to meet and which will account for the increased exports?

Mr. NORRIS. And it is also compatible with the possibility that the American manufacturers, instead of going to Canada to place their orders, might have gone to paper mills elsewhere to have placed their orders and thereby have allowed the Canadian mills to help relieve the paper famine in the United States. Our claim is that by reason of gathering orders from abroad and putting them into Canadian mills that they were enabled to practically stop the competition or materially reduce the possibilities of competition of the Canadian mills with the plans which were then maturing for raising the prices in the American market.

Mr. STAFFORD. I recall the instances that you gave yesterday of the International Paper Company buying and selling the surplus product.

Mr. NORRIS. Seventeen thousand; that appears in that statement of the New York Evening Post, wherein a mass of information, furnished by Mr. Burbank, president of the International Paper Company, and by Mr. Chable, the manager of the foreign sales, was given.

Mr. BANNON. Mr. Norris, do you know how much the Toronto Globe, for instance, pays for its print paper?

Mr. NORRIS. No; the latest quotation I heard from Canada was about two weeks ago, when the publisher of one of the Canadian papers announced that his price was \$39.28, or very close to that figure, in order that they would keep it under the \$40 limit, and thereby be enabled to import into the United States at \$6 per ton,

upon the supposition that above \$40 they would have to pay \$8 per ton—not supposition, but upon the basis.

Mr. STAFFORD. It was stated this morning by Mr. Plummer that the mill rate at the time he entered into the contract with the Booth Company was \$1.80 at the mill.

Mr. NORRIS. That was not within a recent period; that, I think, was six or seven months ago. We have put in this afternoon the statement of a representative of the Laurentide Paper Company, wherein he gave the average of the Laurentide Paper Mills prices of sales to Canadian customers of about \$36.40, or \$36.60, and to American, \$36.27, and in subsequent months a rise in the American price and not in the Canadian; in the Canadian it has since risen.

Mr. BANNON. What I wanted really to get at was whether the Canadian mills sell print paper at a higher rate to Canadian publishers than they do to American publishers.

Mr. NORRIS. Here are the figures on that point, sworn to as the average for the month by Mr. Acer, of the Laurentide Paper Company. July, \$36.64 for home consumption, and for the United States \$36.30. For the month of August, the Canadian price was \$36.27, and for the United States \$37.20. It was higher for the United States than for Canada. For September the Canadian price was \$36.22, and the United States price was \$38.14, nearly \$2 more for the United States. There are three months.

The CHAIRMAN. Well, in one of those months it showed higher for export, and in the other it showed higher for domestic consumption.

Mr. NORRIS. But it is, after all, an average for the month. It may be influenced by quantities; it may be influenced by other conditions as to credits, as to date of payment, as to character of delivery.

The CHAIRMAN. Let me see if I understand; the point you were trying to make, or the point you were seeking to make was that the International Paper Company, or whoever had these contracts for delivery in Mexico, Cuba, and South America, ought to have purchased their paper if they were going to purchase paper, from Europe instead of Canada?

Mr. NORRIS. First—

The CHAIRMAN. Is that right?

Mr. NORRIS. That is part, but that is only the second step in a proceeding which may be embraced in this statement, that first, with a home market starving, with knowledge of it in advance, as shown by letters sent by the International people to customers in various parts of the country, and by reason of various publications showing the imminence of a paper famine, that if that company was taking on new orders anywhere abroad, that it failed in its obligations to the home market, where it was refusing customers, and where it was forcing eight and ten year old customers to cut their paper upon the claim that it was filled.

The CHAIRMAN. Does it not, after all, resolve itself into this, as far as that is concerned, whether the increased cost of manufacture justified the increased price?

Mr. NORRIS. That is fundamental.

The CHAIRMAN. If the newspaper manufacturers were furnishing paper to the newspaper offices at a price which gave to them no fair profit, certainly they were under no obligation to endeavor to depress the market.

Mr. NORRIS. They are, we hold, under an obligation to at least see that the home market is supplied and at least a paper famine is averted and publications are permitted to continue—

The CHAIRMAN. Well, no publication, so far as you know, has ceased continuance for lack of paper?

Mr. NORRIS (continuing). Certainly when they were beneficiaries of a tariff duty.

The CHAIRMAN. That depends.

Mr. McCORMICK. Mr. Norris, we hold that the increase in the cost of paper to the publisher is out of all proportion to the increased cost to the manufacturer.

The CHAIRMAN. He is making a complaint about another phase of the matter now.

Mr. NORRIS. Which relates to the point that the paper company—that the paper maker, instead of showing their appreciation of Congressional favors, instead of respecting the implied obligation of every tariff beneficiary to at least make a reasonably diligent effort to provide for home consumption, that it has no right, under those circumstances, to go chasing into foreign markets for orders by which it can stuff Canadian mills and stop the competition of Canadian mills in supplying American news paper.

Mr. SIMS. Let me ask you, Mr. Norris, if it is not your contention, also, that the protective tariff, in its effect, giving an exclusive home market to the home manufacturers, that they, therefore, should first supply the home market to the exclusion of other markets?

Mr. NORRIS. Of course.

Mr. SIMS. Reciprocal obligations.

The CHAIRMAN. That would depend upon whether they were expecting to supply the home market at a loss or at a profit.

Mr. McCORMICK. Nobody expects them to supply the home market at a loss. We have already suggested that they are selling in the London market in competition with a Norwegian company which is selling to some publications there for 2 cents a pound.

The CHAIRMAN. We were following the particular line suggested here. It suggested an additional idea that seemed to me to conflict with that very basis you had.

Mr. NORRIS. Also, I call attention to a mass of tables printed in the Paper Trade Journal of January 9, 1908, wherein it appears that the export of wood pulp in 1907 was almost as great as in 1905, and without any increase in price.

The CHAIRMAN. What is that?

Mr. NORRIS. But subject to a qualification; that on page 52 of the Paper Trade Journal of January 9, 1908, is a table giving, among other things, the exports of wood pulp, and my statement is subject to the qualification as to whether this means all kinds of wood pulp or mechanically ground wood pulp, but that the total as here stated shows—

The CHAIRMAN. Exports from this country, you mean?

Mr. NORRIS. Exports from this country to—exports from the United States showed, for the eleven months in 1905, 23,000,000 pounds, or substantially 12,000 tons in 1905, and eleven thousand tons and a quarter in 1907, and that the value was substantially the same per ton in 1907 as in 1905, showing that apparently in the export business there was no increase in price; that, as I stated,

this is open to the qualification that it may apply to other kinds of pulp than mechanically ground wood pulp.

The CHAIRMAN. I judge—and I may be wrong about it—that most of that pulp was not mechanically ground pulp; I may be wrong about that; I have the figures here for the different locations that it was shipped to.

Mr. NORRIS. Well, was not some of it the drawback ground wood put into paper?

The CHAIRMAN. That I do not know. This is wood pulp exported, as I understand, you are figuring on?

Mr. NORRIS. That is right.

The CHAIRMAN. In 1906 11,605 tons were exported to Europe, 2,605 to North America; whether that is Canada or Mexico I do not know. The rest is just simply quantities—Asia, Oceania, South America, and so forth; that is a total of 14,741 tons for the year 1906, which, I presume, means the fiscal year. That 11,605 tons exported to Europe had a valuation of \$468,856; the 2,605 tons exported to North America had a valuation of \$95,622.

Mr. NORRIS. It is evidently all kinds, because it is over \$20 per ton.

The CHAIRMAN. That would indicate a considerable quantity of mechanically ground pulp.

Mr. NORRIS. Because it is at that low figure? No; this is \$40, which is 2 cents a pound; 22,000,000 pounds into \$456,000 would give it 2 cents a pound, or dividing it by tons, which is the shorter way, it would bring it down to \$41 a ton in 1907.

The CHAIRMAN. That would indicate, would it not, mechanically ground pulp?

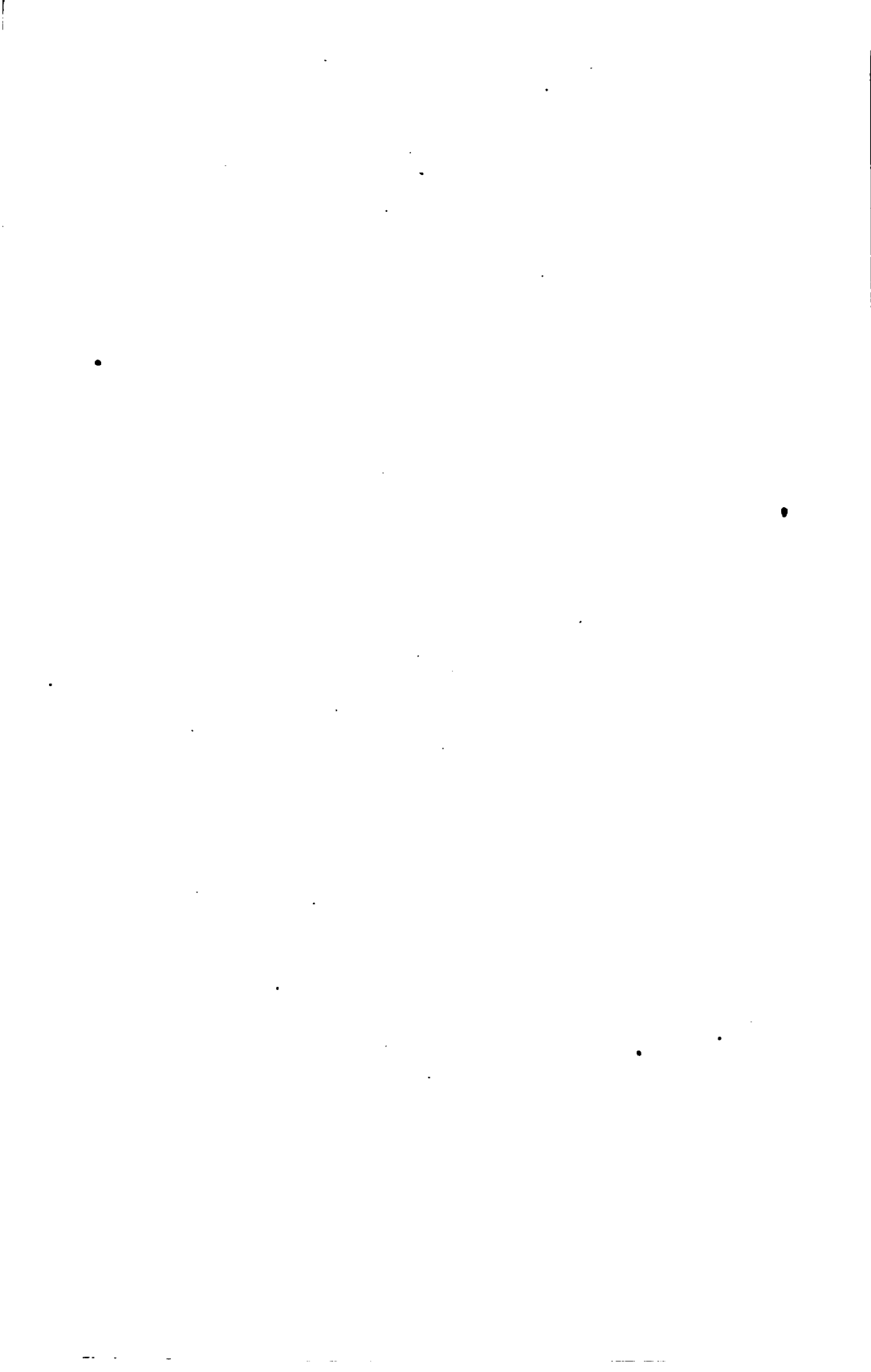
Mr. NORRIS. Yes; and therefore these figures have no special bearing on this account. Shall I now proceed to another phase of the story, the history of the International Paper Company?

The CHAIRMAN. It is 5 o'clock, and we will be required to go to a roll call at 5 o'clock. Our allies will not permit us to take a recess without a roll call.

Mr. NORRIS. We will have many more publishers here to-morrow?

The CHAIRMAN. Yes; so that I think we will suspend until 10 o'clock in the morning.

(Thereupon, at 4.50 o'clock p. m., the committee adjourned until to-morrow, Thursday, May 7, 1908, at 10 o'clock a. m.)



SELECT COMMITTEE ON
PULP AND PAPER INVESTIGATION,
Thursday, May 7, 1908.

Committee called to order at 10.23 a. m., Hon. James R. Mann presiding.

STATEMENT OF MR. W. E. GARDNER, OF SYRACUSE, N. Y.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you please give us your name, location, and paper?

Mr. GARDNER. W. E. Gardner, publisher of the Post-Standard, Syracuse, N. Y.

The CHAIRMAN. Mr. Gardner, will you tell us about your paper contracts, as far back as you can?

Mr. GARDNER. I have a memorandum of my contracts running back to and inclusive of 1899, when I began publication in Syracuse. In 1899 I bought from the International people, and paid \$2 f. o. b. Syracuse. In 1900 I bought from the International people and paid \$2.25. In those two years we had Lake George paper, and my recollection is that the freight rate from Ticonderoga was 15 cents. In 1901 we got paper from the International Company at \$2.20, and that was in consideration of my taking Niagara Falls paper, upon which the freight rate to Syracuse was 12 cents. In the years 1902, 1903, and 1904 I got paper from the Oswego Falls Pulp and Paper Company at \$2.15 f. o. b. Syracuse. That was on a 3-cent freight rate, the mill being only about 24 or 25 miles from Syracuse. In 1905 I had a contract also with the Oswego Falls Pulp and Paper Company at \$2.05. In 1906 and 1907 I bought of the St. Regis Company, at Watertown, N. Y., at \$1.75 f. o. b. our press room, cartage included. The Watertown freight rate, I believe, was 7 cents to Syracuse. I had that rate of \$1.75 up to January 1, and since January 1, I have had a contract with H. G. Craig & Co., of New York, receiving, however, St. Regis paper as formerly, and paying \$2.50 f. o. b. Syracuse.

The CHAIRMAN. Are all of these contracts f. o. b. Syracuse?

Mr. GARDNER. Yes, sir.

The CHAIRMAN. Is that f. o. b. Syracuse or delivered on the sidewalk?

Mr. GARDNER. All are f. o. b. Syracuse, excepting that of the St. Regis Company in 1906 and 1907, and of H. G. Craig & Co., 1908. That is, f. o. b. our press room, including cartage charges, and 2 per cent off for cash.

The CHAIRMAN. What is the lowest of those figures?

Mr. GARDNER. My lowest figure was \$1.75, which I had in 1906 and 1907.

The CHAIRMAN. Was that delivered at the press room?

Mr. GARDNER. Delivered in our press room at \$1.75.

The CHAIRMAN. That was the St. Regis paper?

Mr. GARDNER. That was gotten through the St. Regis Company.

The CHAIRMAN. You are now paying \$2.50 for the same paper?

Mr. GARDNER. Yes, the product of the same mill.

The CHAIRMAN. How long a contract have you now?

Mr. GARDNER. For this calendar year.

The CHAIRMAN. Were these other contracts for their respective calendar years?

Mr. GARDNER. My contract was made with the St. Regis Company in December, 1905, but was to date from May 1, 1906, and run to May 1, 1907, with the option of an extension of the contract until December 31, 1907. I was paying a higher price, \$2.05, and I made the proposal to Mr. Sherman, of the St. Regis Company, that I would adjust my old contracts and cancel for such price as I could if he would take me on at once at the lower price of \$1.75, and he concluded to do that; so, in fact, the contract began on December 5, 1905, at the price of \$1.75. He put forward the contract from May to December, and that I had two years and one month.

The CHAIRMAN. When you had this contract for \$1.75 with the St. Regis Company, do you know what the freight rate was?

Mr. GARDNER. The freight rate was 7 cents, I am quite certain, from Watertown to Syracuse. I think that is the rate now.

The CHAIRMAN. That made a contract f. o. b. at the mill for \$1.68?

Mr. GARDNER. Yes, sir. I should say to the committee that that was deemed by everybody concerned as an exceptionally low price; but there was a local reason why that price was made.

The CHAIRMAN. What was that reason?

Mr. GARDNER. If you care to have my explanation, I will make it. The Finch-Pruyn Company at Glens Falls, N. Y., had just at that time completed a beautiful mill, and Mr. George Finch was ambitious to have the production of his mill taken by the line of a chain of newspapers between Albany and Buffalo for the sake of delivery convenience, and the relations that may have existed between the St. Regis people and the Glens Falls people were broken; there was sharp competition with the result that the final bid of the St. Regis people was, as I say, \$1.75. The Finch-Pruyn bid was almost as low, but the Finch-Pruyn was a new mill; we tested their paper in our press room with bad results, and I was afraid to take the production of the new mill, and chose the St. Regis. It was because of that particular competition at that particular time that the price was run so low.

The CHAIRMAN. Prior to that time your contract was with the International Company?

Mr. GARDNER. No, sir; prior to that time, for four years, with the Oswego Falls Pulp and Paper Company.

The CHAIRMAN. During what years did you have contracts with the International Paper Company?

Mr. GARDNER. 1899, 1900, and 1901.

The CHAIRMAN. And after that you had a contract with what company?

Mr. GARDNER. With the Oswego Falls Pulp and Paper Company, of Fulton, N. Y. The International people did what they could when I broke with them to prevent me from getting competitive bids from any concerns, and pretty nearly succeeded, but not quite.

The CHAIRMAN. They endeavored to prevent you from getting contracts, did you say?

Mr. GARDNER. Yes, sir; they did.

The CHAIRMAN. What, so far as you know of your own knowledge, did they do?

Mr. GARDNER. I would like to state for the information of the committee, briefly, the experience that I had at that time, which was duplicated, excepting as to the details, in my experience in making my contract for 1908. I had been, as I say, with the International people for three years. The time for the termination of my contract was approaching, and as I was in New York, I told the International people that I would like to talk with them about a renewal of contract. They told me that their representative, Mr. Tom Waller, who was their eastern selling agent at that time, would be in Syracuse on the following Saturday, and would be ready to close with me if I wanted to close. Mr. Waller came to our office. I had been paying \$2.20, and from information I had had in New York, and from other sources, I had expected a considerably lower contract, about \$2.05 to \$2.10. Mr. Waller said at once that I must pay \$2.25 for the next year, and that there were no ifs or ands about it.

Mr. SIMS. When was that?

Mr. GARDNER. In 1902. He said that I must. I told him that that was 20 cents more than I had believed it would be necessary to pay, and I also told him that I thought I could do better, and that I was going to New York on Tuesday—this was on Saturday—and that at that time I would tell him whether I would trade with him or refuse to trade with him. Mr. Waller got hot at once, and said: "No, you don't sharp on my price over Sunday; we make a contract before I leave this room or we don't make it at all." "Well," I said, "Mr. Waller, then we won't make it at all." He left at once, and, as I subsequently learned, went to the Western Union Telegraph Office.

Ten days before that time I had had a chance meeting with Mr. Weeks, the president of the Oswego Falls Pulp and Paper Company, and I said to him, "What will we have to pay you for our next year's supply in case we buy of you?" And he said, "I guess we would like to put you on at \$2.15." When Mr. Waller left the office that day I went to the long-distance telephone and got hold of Mr. Weeks within five minutes, rather unexpectedly, and asked him if he recalled our conversation of ten days before, and he said that he did. I asked him if the price still held, if he wanted to contract with us for a year, and he said yes, he would. "All right," I told him; to make out the papers, send them up, and I would sign them. The next morning Mr. Weeks showed me a telegram that he had received from New York—Mr. Weeks, understand, had been in the trust, and had spent a good deal of money to get out of the trust, and was not in the trust at this time. He showed me a telegram from New York, prompted by the International people and by Mr. Waller's telegram from Syracuse, instructing him in peremptory fashion, "Do not make the Post-Standard Company a rate of less than \$2.30." Mr.

Weeks said: "I expect that you are a little too quick for them. If I had gotten that instruction before I got your telephone, I would have had to respect it." That was the experience I had there, it being a deliberate attempt on the part of the International people to prevent my dealing with any other company; and there was evidence in what Mr. Weeks told me, and in the telegram he showed me, that these New York people spoke to him with authority.

The CHAIRMAN. Can you tell how they happened to send a telegram to Mr. Weeks especially?

Mr. GARDNER. Yes, sir; because they had been prompted by the telegram from Mr. Waller, sent from Syracuse, saying that I had refused to close with him at \$2.25.

The CHAIRMAN. Yes; but why did they single out Mr. Weeks to whom to send this telegram?

Mr. GARDNER. Mr. Waller knew—I made no secret of it—I told him that I thought I could get a better price, and I presume I told him that I thought I could get it at Fulton. There was no reason why I should not have done so.

Now, if the committee desires, and while we are on this matter of the effort of the news-print paper people to make it difficult for publishers to get competitive bids, I would like to hurriedly go through my experience with my contract for 1908.

The CHAIRMAN. We would be glad to have you do that.

Mr. GARDNER. As I told you, I had a contract running to 1908, and it was at a very favorable price. At intervals from January until August, 1907, I tried again and again to get the paper people, any of them, to quote me a price on a 1908 contract, but I could not get a bid from any source, either the Finch-Pruyn people, the Oswego Falls Pulp and Paper Company, or the St. Regis Paper Company, which was then H. G. Craig & Co., or came to be. They all promised me that they would have a meeting with me in August to talk the contract for 1908 over, but every man defaulted in his agreement.

When I got back from my vacation, the 1st of September, I went to New York, went to Fulton, and went to Glens Falls; and I saw Mr. Wright, of the International people, told him I was up in the air and wanted to close a contract because I did not want it to run any later toward the end of the year before covering myself for 1908. He said he was very sorry indeed, but the International people could not do anything for me; that they were oversold 18,000 tons already for 1908, and could not make a quotation. The Oswego Falls Pulp and Paper Company, who a little earlier had said that they wanted our business, and when the time came would be anxious to quote a price, told me that they were all sold out and could not furnish paper. The Finch-Pruyn people simply refused to make a quotation, saying that they would not make a quotation to us at all. In that situation, early in September, I should say that H. G. Craig & Co. at that time said: "We will make you a bid of \$2.50 f. o. b. Syracuse, but we want you to accept it or we will withdraw it." They were peremptory and very independent indeed. The upshot of our talk was that I told them I would take the risk of going into the new year without a contract before I would pay the price quoted. They said that the offer did not hold over, and so, when I could not get a bid anywhere in the East excepting from H. G. Craig & Co., I went out to Wisconsin, where in former years I had lived, and where I had

personal friends and acquaintances among the mill men. I thought I could do something out there. I went first to Colonel Whiting, of Neenah, who had been my friend for twenty-five years. I told him the situation in the East.

I told him that I believed they were holding me up there, and that if I could get paper in the Wisconsin Valley or the Fox River Valley that I was disposed to do it. He said: "I guess the paper out here will cost you about \$2.65." I said to him: "I can do better than that in the East; I have an offer of \$2.50 now." He said: "If I were you I would close it quick; would not wait to go home, but close it by wire, because it is better than anything you can do in the West." After that I went to Chicago and met Mr. Babcock, who is the selling agent of the Fox River Valley Mills, and the result of a talk with him was that he consented to make me a price of \$2.60 f. o. b. Buffalo during the season of navigation alone. He would not deliver excepting by water. Then I went into Canada, to the Booth mill at Ottawa. They said they were anxious to get into the American market, would be very glad to furnish us with paper, that our location would be a great advertisement for them, and all that sort of thing, but that they could not let me have paper before the 1st of April. I went to Montreal, but the managing officers of the Laurentide Paper Company were not in their office, so I got them on the long-distance telephone and told them who I was, and that I wanted 1,600 tons of paper for 1908, and was there any use of my talking with them. He was at once very urgent and said: "We want you to come out to the Laurentide mill." He said: "We will take your contract; we have been waiting for a man just like you; we want to get into the American market; we would like to get into Syracuse, and if you will come out here we would like to show you our mill, and we will make you a price."

So I went out, about 100 miles northeast of Montreal, and spent twenty-four hours at the mill. Everything that was said to me there indicated that they would do just exactly what they said they would do, and that they were going to take our contract whether they made money on it or not. I told Mr. Acker, the manager, when we were concluding our talk, that I was to receive final word on two bids when I got back to Syracuse. "Well," he said, "I would rather not quote you our price until I know that you have these bids in." I went back to Syracuse, telegraphed him that my bids were in, and was waiting for his price; but I was very much surprised when his price came to find that he was charging me about what would amount to \$2.47 f. o. b. Syracuse. I had been given every reason to believe that his price would be somewhere about \$2.30. Whether he had reconsidered between the time I saw him, Sunday night, and the time he quoted me the price, Tuesday, or whether he had been communicated with, I do not know, but his attitude was different. Just that day—on Tuesday—Mr. Mix, of the St. Regis Paper Company, came to me and said that they renewed their offer at \$2.50, and wanted me to understand that when he left the city that offer would be withdrawn. While I was talking with Mr. Mix in our office I got a long-distance telephone call from Mr. Acker, of the Laurentide Company, and he, after considerable talk, made a price that amounted to about \$2.42. I told him that the representative of H. G. Craig & Co. was in my office, and I said, "In five minutes I will close with you or with

them, and if you will make it \$2.35 I will close with you now." "Well," he said, "I guess I throw up my hands." So I went back and told Mr. Mix, in substance, what he had known for four weeks, that I had been tusseling against a stonewall, that he knew at the start that I was going to get no practical bid excepting from H. G. Craig & Co.; so I asked him to tell me on what terms we would have paper.

The CHAIRMAN. Why did you prefer the price of the St. Regis Company at \$2.50 over the Laurentide Company at \$2.42?

Mr. GARDNER. For this reason, that the use of Canadian paper in America was an experiment; the shipment was over the Adirondack division, which in the winter time is often snowed in for weeks. So far as the freight and delivery was concerned, I knew from past experience just exactly what I would have in handling the St. Regis paper, but I did not know what I would have to contend with from the paper from Montreal, and I thought the risk was not worth the difference. I should say that that \$2.50 was shaded by this much, that it was delivered in our basement, that it included cartage, and that there was 2 per cent off for cash, and there was a small money allowance for storage charges; so that it brought the price down to not very much more than perhaps about \$2.47.

The CHAIRMAN. And you considered that that price, without the risk, was better than the price of \$2.45 $\frac{1}{2}$ made by the Laurentide mill?

Mr. GARDNER. Yes, sir.

The CHAIRMAN. What did Mr. Whiting tell you, if he told you anything, as to the reason for the increased price?

Mr. GARDNER. It was, as I recall it, that the paper trust in the West, some time before that, had been dissolved, and he said that before that dissolution the mill men had arranged among themselves that the Wisconsin Valley mills, for example, would deliver to consumers nearest to the mill, the Fox River Valley mills would deliver to the eastern buyers, as Milwaukee, Chicago, and such places, and he said under the new order of things there was no attention to be paid to economy in shipment; that, as likely as not, a given newspaper would get its paper supply from the mill the longest possible distance removed from the newspaper, and that the necessary increase in the freight, and in the cost of delivery, was one of the reasons. Then, another reason he gave—and of the validity of that reason I became convinced—which was the shortage of pulp wood in America; the difficulty of getting it. He told me at that time that eight months before they had contracted for 50,000 cords, I think it was, of pulp wood for immediate delivery, and up to that time had received only 12,000 cords, and they could not get it. In the rounds that I made, I seemed to become convinced that there is an actual shortage on the American side of wood-pulp production. I think the paper mills of the country are abundantly adequate to supply the news-print demand of the country, but I do not think the American pulp mills are adequate to supply the print mills of the country running full. I am sure that that is where the weakness is.

The CHAIRMAN. Of course there is a very large, or a considerable amount, of wood pulp imported from Canada, which has been increasing quite rapidly in the last few years. And from your conversations with these various gentlemen, and you saw quite a number of them, was it your impression that the increased price was caused

mainly by the increased cost of the material or mainly by the combination?

Mr. GARDNER. Of course their representation was that it was due to increased use. My own observation led me to believe that it was due in part to a legitimate increase on account of the shortage of the wood-pulp supply, and that there was an unjust increase through combination, and that there was such a comparison of notes that it was impossible for me to go into the open market at all.

I would like to say this, as an incident that is a little illuminating, that when I got back to New York I learned from one of the paper men who had known three or four days before when I was in the Fox River Valley, with whom I talked there, and when I was in Chicago, and with whom I talked there, and when I was in Toronto and Montreal; they had the thing set up to perfection, and were posted. Of course I was not tracked, but their relations were so intimate that in the ordinary course of business they were informed what an eastern customer was doing among the Wisconsin mills.

The CHAIRMAN. From your conversation with Mr. Whiting and others in the West, did you form an opinion that they were in combination with the eastern manufacturers as to prices?

Mr. GARDNER. I did not think so. That is the reason I went west, because I thought they were not; and I think there were legitimate reasons for higher prices for news-print paper in the West at that time than in the East. Colonel Whiting represented to me that they were getting that price of \$2.60 and \$2.65 for all they could produce, and I believed it. I have no doubt that they had a big demand at the mills in the West at that time, and the demand was more urgent, and the prices higher, than in the East.

The CHAIRMAN. You had contracts with a number of different paper mills or received paper from different mills. Was there any difference in the value of the paper received from the different mills?

Mr. GARDNER. I can not say that there was; no, sir. I think the paper mills as a rule are always anxious to supply within the price what a customer buys. If our paper runs too heavy, or if it runs too brittle, it has been my experience, in all of these different print mills, that information given from the office as to wherein the paper was defective and where a change was wanted, that it was made at once and carefully.

The CHAIRMAN. The difference in the quality of the paper did not affect at all the variation in the price, then?

Mr. GARDNER. No, sir; our contract in every case calls for ordinary No. 1 news print.

The CHAIRMAN. You say that you buy about 1,600 tons a year?

Mr. GARDNER. Yes, sir.

The CHAIRMAN. And in carload lots?

Mr. GARDNER. Yes, sir; always in carload lots.

Mr. SIMS. You said that a Mr. Weeks had been in the trust, and had spent a good deal of money to get out of it. What trust do you refer to, and in what way did he spend money to get out of it?

Mr. GARDNER. The information I have is to this effect: That Mr. Weeks—this was before I came to Syracuse—that he was induced to turn his mill at Fulton in with a combination of mills, and that negotiations had progressed considerably when Mr. Weeks repented, and whatever obligations he incurred—the details of which I do not

know, but it was a matter of common report among his bank friends in Syracuse, and in northern New York, that his fortune was depleted something like from \$200,000 to \$400,000 in getting back his mill under his independent control. Mr. Paddock, or I presume most of the bankers in Syracuse, could give you details which I can not of transactions before my time, but it was a matter of common knowledge that Mr. Weeks had lost from \$200,000 to \$400,000 in the paper business.

Mr. SIMS. In getting released from his combination obligations with the mills with whom they were made?

Mr. GARDNER. Yes, sir; that is what I should say. I said "trust" carelessly. I mean there was a certain combination of mills that started to take him in, and before the deal was entirely completed he got out.

Mr. SIMS. But he got in far enough to pay a lot of money in order to be released?

Mr. GARDNER. Yes, sir.

Mr. SIMS. Now, when there was competition between the mills with whom you dealt, you did succeed in getting paper at \$1.75?

Mr. GARDNER. At that time there was an open break. They were quarreling among themselves, and the Glens Falls people and the Watertown people were in the sharpest competition. I have no doubt, as the St. Regis people told me, that they lost money on our contract.

Mr. SIMS. And when the competition ceased paper was jumped \$15 a ton on you at one time?

Mr. GARDNER. Yes, sir. I would like to say that given the same consumption our paper will cost us from \$22,000 to \$24,000 more this year than it did in 1907.

Mr. SIMS. On the amount you are using?

Mr. GARDNER. Yes, sir; assuming the same consumption.

Mr. SIMS. And is that advance made all in a lump?

Mr. GARDNER. Yes. We were paying one price on December 31 and another one on January 1.

Mr. SIMS. This advance then applies to you on your contract beginning January 1, 1908?

Mr. GARDNER. Yes, sir.

Mr. SIMS. The current year. Now, of that \$22,000 to \$24,000 increase on your supplies, you can not, if I understand you, in any way pass any part to your customers, but you assume the entire loss yourself?

Mr. GARDNER. We can not assume the entire loss ourselves. I have passed a part of it. We increased our advertising rate on the 1st of January and cut down the size of the paper.

Mr. SIMS. But the street selling price has not been increased?

Mr. GARDNER. No, sir.

Mr. SIMS. But you are compelled to inaugurate some economies?

Mr. GARDNER. Yes, sir; we have increased our advertising price, and we have added at least 10 or 12 per cent to the volume of display advertising carried in each issue of our paper. I would like to explain that prior to this increase our rule was 36 columns of advertising maximum in a 12-page paper, 45 columns maximum in a 14-page paper, and 52 columns maximum in a 16-page paper. Since the 1st of January the requirement is rigid that 12 pages must carry

42 columns of advertising, 14 pages must carry 52 columns of advertising, and that any volume of advertising in excess of 52 columns has got to go into the 16-page paper.

Mr. SIMS. That is, you find it absolutely necessary to do this on account of the jump in the price of paper?

Mr. GARDNER. Yes, sir; and it hurts our property, too, as well as our paper.

Mr. SIMS. If the duty on wood pulp and paper was removed, in your judgment would it or not have a tendency to prevent these combinations and the sustaining of higher prices by reason of these combinations?

Mr. GARDNER. Well, sir, I have not so much confidence in the efficacy of that removal of duty as my friend, Mr. Norris, has, for example. I suppose there would be a good moral effect, but I am afraid that we would be disappointed in the practical results for this reason: According to the information I have, of course with the duty free the paper would be brought in from Canada and no other foreign country, probably. From information I have, the present normal production of the Canadian mills is 50,000 tons a year, about. The Canadian newspapers consume about 25,000 tons a year, so that there are only 25,000 tons that can be furnished us by Canada with the present mill capacity.

Mr. SIMS. Do you not think, with the duty removed, that there would be an increase of the plants and output of Canadian paper and pulp?

Mr. GARDNER. Well, I believe that would have to be preceded by some sort of a convention between this country and the Dominion government that would insure against any export duty in Canada. I think that is a thing that is involved. If there could be a guaranty against that, I should almost look to see the news-print industry transplanted to Canada, because they have the forests.

Mr. SIMS. In view of the fact that it would be to the interest of Canada to increase our news-print paper manufacture, would that not of itself operate against putting on an import duty?

Mr. GARDNER. Well, the effort of Canada, it seems to me, would naturally be to cripple the American mills, as far as it could, without driving the American patronage up to the Canadian mills. There is a pretty fine line there to be struck, it seems to me.

Mr. SIMS. What would be your suggestion as to the prevention of a combination, or destroying the present combination, if they were transplanted?

Mr. GARDNER. I question whether our Government can do anything else than remove this duty, and I think it desirable to do it for whatever practical good may follow, and for the notice to offenders that the Government is on to them, and that that sort of thing will be penalized to the extent it can be.

Mr. SIMS. Then in your judgment there are offenders?

Mr. GARDNER. Yes, sir.

The CHAIRMAN. If we should take the duty off wood pulp, Mr. Gardner, have you any opinion as to whether that would eventually remove the wood-pulp industry to Canada, but leave the paper industry mainly in this country?

Mr. GARDNER. I should hope it would do that, and I think very likely it would, because under the rule and law of the Canadian gov-

ernment the Canadian forests are sure to be perpetuated. This Laurentide Company that I spoke of has 2,000 square miles of timbered country, and the fee of all of that land is in the government, and always will be. The Laurentide people have a perpetual right to harvest that timber, but that right is conditioned upon the requirement that they reforest that land as they deplete it. It is something beautiful the way the Canadian people handle their lands. This Laurentide Paper Company has professional foresters who go through with a gang of ten or twelve men, and those foresters, expert, trained, scientific men, go through and indicate that such and such trees are to be cut, and such and such are to be left; that in this place there is to be replanting, and so on; that being the way the work is carried on, it being done with the utmost intelligence and painstaking all the time. Of course the forest is self-perpetuating with that arrangement. But the cost of raw material in large part is the cost of transportation, and it seems to me that under a right adjustment of things it would be better for Canada and better for this country if those pulp mills should be erected in Canada right where the material is, and that they should be the pulp producers. But whether they would permit the American mills to have the profit on the paper trade, I do not know. I have thought that our American mill owners would probably reestablish their plants in Canada, but I do not think the Canadians would ever initiate a movement large enough to supply the news-print demands of this country. I think Canada may do it, but through American enterprise and American capital. And I think that is the impression that quite widely prevails in Canada. Something of that sort, of a conclusive fashion, was said to me by Mr. MacKay, of the Toronto Globe.

The CHAIRMAN. If we should take the duty off wood pulp, and the Canadian government should put an export duty on wood pulp, but not on print paper, would that be likely to transfer the paper industry to Canada?

Mr. GARDNER. I should say it would; yes, sir. I think there is so much risk involved that it perhaps might be unwise for this country to remove the present duty excepting upon some sort of a guarantee that there would not be an export duty put on over there. The case you cite, where they levy the duty on the wood pulp and remove the duty from news-print paper, would tend directly to make cheaper the manufacture of news-print paper in Canada, and I think would send our American buyers over there.

Mr. STAFFORD. The American paper manufacturer and the wood-pulp manufacturer are dependent, and will become more and more so, upon Canada for their raw material?

Mr. GARDNER. I think that is our resource in the future.

Mr. STAFFORD. And that a policy should be shaped so as to obtain the raw material from the Canadian forests?

Mr. GARDNER. So it seems to me.

The CHAIRMAN. And on the best terms possible?

Mr. GARDNER. On the best terms possible.

Mr. STAFFORD. So as to maintain both the paper and the wood pulp industries at home?

Mr. GARDNER. I think the interests of the two countries are mutual, and I think that agreement or convention should be in the

clear conviction that anything helpful to one country in the development of this enterprise is going to be an advantage to both, and that anything harmful to one, one way or another, is going to be harmful to the other. And, by this "country" I mean the men who buy the paper, the newspaper publishers.

The CHAIRMAN. Considering the amount of print paper manufactured in Canada which can be exported, do you think the removal of the tariff on print paper now would materially decrease the natural price of print paper in the United States, regardless of any combination?

Mr. GARDNER. For reasons I have said, I should like to see the duty removed; I should very much like to see it removed.

The CHAIRMAN. This is another phase of the matter.

Mr. GARDNER. But I do not believe there would be any appreciable effect upon our market.

The CHAIRMAN. It might affect the market if there be a combination. It might have a tendency, I suppose, to break up a combination, if there be one.

Mr. GARDNER. Well, I don't know. I have concluded that the Canadian mills have very pleasant relations with our American manufacturers; I even think there is an understanding. I do not think the Canadian mills, if they were flatly informed that a given course pursued by them was objectionable, that they would pursue it. I think they are under the influence of our American combination to that extent.

The CHAIRMAN. Is there any other matter you want to call to the attention of the committee?

Mr. GARDNER. No, sir.

Mr. SIMS. If in your judgment there would be no appreciable effect on the price of print paper by the removal of the duty on print paper and pulp, then upon what ground do you advocate the removal of the duty?

Mr. GARDNER. For such possible practical advantages as there might be.

Mr. SIMS. In other words, experimental?

Mr. GARDNER. Yes, sir; and it is a step in the right direction. It is a step toward tariff revision. I am a Republican, but I would like to see those steps taken.

Mr. SIMS. Is there any effort being made to reforest the American forests that are being denuded of pulp wood?

Mr. GARDNER. So far as I know, none at all.

The CHAIRMAN (addressing Mr. Norris). The International Paper Company claims to do that now, does it not?

Mr. NORRIS. Austin Carey has issued a report through the Bureau of Forestry on this work for the Berlin Mills Lumber Company on its tracts in the United States, in connection with scientific forestry service, and increased revenue to the company, but I do not know to what extent it provides for reforestation.

The CHAIRMAN. The State of New York has a large forest reservation now for that purpose, has it not?

Mr. GARDNER. No, sir.

Mr. STAFFORD. I may say that in my own State—Wisconsin—the State forestry commission is attempting to reforest the denuded sections of a part of the State.

The CHAIRMAN. That is one of the important inquiries before this commission.

Mr. NORRIS. The New York State constitution prohibits the cutting of any trees in the State forests.

The CHAIRMAN. Well, I think you are slightly mistaken about that.

Mr. NORRIS. I refer you to the State constitution.

Mr. SIMS. In your judgment, Mr. Gardner, do you think it will be possible for the American supply of pulp wood to meet the American demand of the future?

Mr. GARDNER. No, sir; I do not.

Mr. SIMS. To that extent we will be at the mercy of other countries that produce the wood.

Mr. GARDNER. It seems to me so, unless there is a substitute for wood pulp discovered.

Mr. SIMS. Therefore you think a convention between the Dominion of Canada and the United States will work to the mutual benefit of both countries.

Mr. GARDNER. Yes, sir; and I think it is urgent.

The CHAIRMAN. Of course the question of the future supply of material for making paper is one that is exciting attention of people all over the world.

Mr. GARDNER. Yes, I know that.

The CHAIRMAN. Even to the extent that I offered an amendment to the agricultural appropriation bill to have the Agricultural Department make experiments for the purpose of endeavoring to find some material.

Mr. GARDNER. That we should use trees at one time seemed improbable.

I would like to have the committee understand that in what I have said about the print paper men I have not wanted in the least to reflect upon those men representing the combination who are in touch with the publishers. They are all—many of them—my personal friends, and they are all good fellows. My relations with them are good, but they are under orders to crucify us, and they do it; but they do it with as much consideration as possible, that is all.

Mr. SIMS. But death follows the operation, I suppose?

Mr. GARDNER. Yes, sir.

STATEMENT OF MR. MILIE BUNNELL, OF DULUTH, MINN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name, paper, and location, Mr. Bunnell?

Mr. BUNNELL. Milie Bunnell, publisher of the Duluth News-Tribune, Duluth, Minn.

The CHAIRMAN. Will you tell us, Mr. Bunnell, in regard to your paper contracts, and as far back as you can, commencing with the earliest that you had?

Mr. BUNNELL. Prior to 1902 I did business with the individual paper mills, and the price varied from year to year, from as low as \$1.87½, less 3 per cent for cash, up to as high as \$2.40, I think, in one year, when there was a great shortage of water on the streams upon which the paper mills were located.

The CHAIRMAN. If you can be a little more specific it would be better.

Mr. BUNNELL. As to the years?

The CHAIRMAN. A variation from \$1.87½ to \$2.40 is not very specific.

Mr. BUNNELL. What I have stated was in a general way, because I was called here very quickly, and did not have time to get my specific information. But beginning in 1902—the data was at hand when I left home, and I can give you the absolute information—that is the year I began doing business with the General Paper Company, which was otherwise known as the Western News Print Paper Trust. In the years immediately prior to 1902 the price I paid was \$1.87½ f. o. b. Duluth, less 3 per cent for cash. The mill with which I was doing business at that time went into the General Paper Company in 1902, and they then entered into a contract with the News-Tribune for \$2.07½ at the mill, which was \$2.12½ f. o. b. Duluth, less 3 per cent for cash. That was an advance of 25 cents. That contract expired in September, 1903, and a new contract was made advancing the price to \$2.15 net.

The CHAIRMAN. What do you mean by \$2.15 net?

Mr. BUNNELL. Without any discount for cash.

The CHAIRMAN. And still delivered at—

Mr. BUNNELL. Duluth. That would be \$2.10 at the mill. In 1904 they advanced the price again to \$2.20 net. In 1905 the litigation against the General Paper Company was begun, and they advised us immediately after that litigation was started that the price would be \$2.30 for the second year, another increase of 10 cents a hundred. But some time after the case was started, and evidence was introduced, they made contracts with us for \$2.12, which was the price made to all of the papers in Duluth. That contract would have expired on December 30, 1906, but when it became apparent that the General Paper Company was to be dissolved by order of court, the sales agent came to the publishers and offered to cancel the contract which they had just made at \$2.12 and enter into a new contract covering the period of two years instead of one, at \$1.92½ net, which was a reduction of 20 cents a hundred.

The CHAIRMAN. What period did this cover?

Mr. BUNNELL. September 30, 1905, to September 30, 1907. And we did make that new contract covering that period of two years, and continued to do business with the General Paper Company until May, 1906, when they wrote us a letter and said that in the future we would have to do business direct with the mill.

The CHAIRMAN. What mill was that?

Mr. BUNNELL. The Northwest Paper Company, of Cloquet, Minn. At the expiration of that contract we made a new contract with the Northwest Paper Company for \$2.38 net f. o. b. Duluth. I think that answers for all the contracts to date.

The CHAIRMAN. What are the limits in time of the last contract?

Mr. BUNNELL. One year.

The CHAIRMAN. That is from September, 1907, to September, 1908.

Mr. BUNNELL. September 30—that would be to October 1.

Mr. STAFFORD. At any of the times that you entered into negotiations with the Northwest Paper Company were there any other bids offered by other paper mills?

Mr. BUNNELL. Not since the organization of the General Paper Company. I have not bought any paper in the last ten years from any concern excepting the Northwest Paper Company.

Mr. STAFFORD. Have you ever made an attempt to purchase paper from any of the eastern companies or from Canadian companies?

Mr. BUNNELL. Yes, sir; I investigated the practicability of buying paper in the East when we were paying the General Paper Company \$2.20, but we could not get a bid from any eastern manufacturer which would enable us to pay the freight rates and compete with the price we got at our own doors. We could buy very much cheaper at the mills, but we could buy at home at the mill.

Mr. STAFFORD. Is that the only instance in which you attempted to obtain figures from outside concerns?

Mr. BUNNELL. No. I attempted to obtain figures from other western concerns in August of last year. The publisher of the Duluth Evening Herald and myself use about the same amount of paper—

The CHAIRMAN. How much is that?

Mr. BUNNELL. About 800 tons each a year. We took a trip to Chicago and inquired the prices from other manufacturers, but in each instance we found the price of all other mills in our territory was just a little bit higher than the mill which we were compelled to do business with; and we were advised by the representative of each of the mills that we visited that we had better close our contract with the Northwest Paper Company.

Mr. STAFFORD. As I understand your testimony, during the pendency of the contract with the General Paper Company, which was in force September 30, 1905, to September 30, 1907, and during which time the General Paper Company was disbanded by order of court, a sales agent came to you and offered to supply paper at a lower price than that quoted in the contract.

Mr. PLUMMER. You have the time wrong. They made a contract with us in the summer of 1905 for \$2.12 for the year ending September 30, 1906. I think that contract had been in effect one month when they came to us and voluntarily reduced the price to \$1.92½.

Mr. STAFFORD. Who came to you?

Mr. BUNNELL. A representative of the General Paper Company.

Mr. STAFFORD. Can you call his name?

Mr. BUNNELL. A. C. Allen.

Mr. STAFFORD. Can you state what was said at the time he offered to make that reduction?

Mr. BUNNELL. He simply stated that the conditions had changed, and if we would make a contract covering the period of two years instead of one year they would cancel the old contract and make us the new rate.

Mr. STAFFORD. So a new contract was then entered into with him?

Mr. BUNNELL. With the General Paper Company at \$1.92½.

Mr. STAFFORD. That was prior to its disbandment?

Mr. BUNNELL. Yes. In the following May they wrote us a letter—the letter is here, and it says: "The General Paper Company has withdrawn from the field as a selling agency, and your contract with the General Paper Company has been assigned to the Northwest Paper Company, of Cloquet, Minn., for News-Tribune, Duluth, Minn., the mill heretofore supplying you with paper under that contract, and Northwest Paper Company has accepted such assignment and

will in future, as heretofore, supply you with paper in accordance with the terms and conditions of said contract, and bill such paper direct and make collections direct."

The CHAIRMAN. It might be well in that connection to put in the record that the bill filed by the Government to dissolve the General Paper Company was filed December 7, 1904, and the decree dissolving the company was made May 11, 1906.

Mr. BUNNELL. That was the date of the notice I have transferring the account to the General Paper Company, but the contract reducing the price was made in October, 1905, while that case was still pending.

The CHAIRMAN. The Cloquet mill I suppose is the nearest mill to Duluth?

Mr. BUNNELL. Yes, sir.

The CHAIRMAN. Do you get a freight rate of 5 cents a hundred?

Mr. BUNNELL. Five cents a hundred; yes, sir.

The CHAIRMAN. This last contract provides for—

Mr. BUNNELL. Two dollars and thirty-eight cents f. o. b. Duluth.

The CHAIRMAN. That would mean \$2.33 f. o. b. at the mill?

Mr. BUNNELL. Yes, sir. There are three other paper mills in operation in Minnesota, but I have never been able to buy their paper.

The CHAIRMAN. At the time this last contract was entered into, the price was increased—

Mr. BUNNELL. From \$1.92½ to \$2.38.

The CHAIRMAN. What negotiations did you have in reference to the increase of price?

Mr. BUNNELL. Well, I endeavored to get the best price I could from several different concerns, but could not get a figure as low as that from any other, so I closed that contract.

The CHAIRMAN. What was the reason given to you for increasing the price?

Mr. BUNNELL. Well, scarcity of paper, increased demand. They did not attempt to tell me that the cost of production was any more in our country, because they do not pay any more for pulp wood now than they did when we were getting a low rate; in fact, they are not paying as much for pulp wood now, to the producer, as they did a year ago.

The CHAIRMAN. Where did they get their pulp wood for this mill from?

Mr. BUNNELL. Right around Duluth, in those forests there; those cut-over lands. The Cloquet mill is owned by the Weyerhaeuser interests, who are the largest lumber producers in the country, and who control the price of lumber. They have cut over those lands up there for their pine, and when they took off the pine they left the wood that is now being used for the manufacture of pulp.

The CHAIRMAN. Do they own the land?

Mr. BUNNELL. They own the lands, very largely.

The CHAIRMAN. And they own these mills?

Mr. BUNNELL. They own this mill that I do business with. I do not know what interests they have in the other mills. They not only own the lands, but their stumpage does not cost them anything, and they do not pay very much taxes, or anything else, so far as supporting the country is concerned.

The CHAIRMAN. Why do you say that it costs them less than a year ago to furnish wood?

Mr. BUNNELL. Because the labor is less. Where they cut from their own lands they can contract for the wood cut and delivered to the mill for less now than when the wages of the men were higher.

The CHAIRMAN. Do you know what it costs them now; what they pay now per cord for wood delivered at the mill, pulp wood?

Mr. BUNNELL. I do not know what it costs the Northwest Paper Company at the mill. The homesteaders, and those who are clearing up the lands along the line of the railroads on which these mills are located, are getting \$5.50 a cord for spruce delivered f. o. b. the cars at whatever point on that line they may deliver it; \$4 a cord for balsam, and \$3.50 for poplar, all of which woods are used more or less in the manufacture of paper.

The CHAIRMAN. You say so much per cord. Is this corded wood used for anything else?

Mr. BUNNELL. No; it is worth more, I guess, for pulp wood than it would be for cord wood. They use some poplar up there for box lumber, crate lumber, and stuff of that kind.

Mr. SIMS. What was the same wood selling for per cord a year ago f. o. b. cars?

Mr. BUNNELL. I can not give you those figures, excepting that I have been told by men who had it to sell that they did not get as much this year as last. As I stated when I began, my summons was so quick that I did not have the time to get the specific data that I would like to have brought with me.

Mr. SIMS. You say less, but you do not know how much less.

Mr. BUNNELL. No.

The CHAIRMAN. When you say "this year," do you mean this past winter?

Mr. BUNNELL. Yes; I am giving the price now that prevails along the line of the Great Northern Railroad between Cloquet and Grand Rapids. Grand Rapids is the location of one paper mill, and Cloquet the other; and they are about 60 or 70 miles apart, and in the State of Minnesota.

The CHAIRMAN. How did the price of a year ago this last winter compare with the price of previous winters?

Mr. BUNNELL. I can not tell you about that; I am not informed.

Mr. SIMS. From your experience in trying to make contracts, did it appear to you that there was really no competition between mill men?

Mr. BUNNELL. I should say that was the case; yes, sir.

Mr. SIMS. That was the practical result that you experienced yourself?

Mr. BUNNELL. I have never been able to buy paper from any mill excepting the one. I will say this, that about a week before I signed my last contract, the general manager of the Northwest Paper Company, Mr. McNair, came to my office accompanied by Mr. Bossard, who was the general manager of the Itasca Paper Company, located at Grand Rapids. I had never met Mr. Bossard before, and he had never been in my office, although he had been in business as a neighbor of mine for several years. Mr. McNair said that they had decided that it would be better for them to divide the business of Duluth between them. I did not have any objection, and told them that it did not make any difference to me, but I never heard any more of that. They did not divide the business between them, and the Northwest Paper Company gets all the Duluth business now, as formerly.

The CHAIRMAN. Is there any mill that has as cheap a freight rate on paper from the mill to Duluth as the Northwest Paper Company?

Mr. BUNNELL. No, sir.

Mr. STAFFORD. How far is it from Duluth to Grand Rapids, and from Duluth to Cloquet?

Mr. BUNNELL. From Duluth to Cloquet it is about 25 miles, and to Grand Rapids about 100 miles.

The CHAIRMAN. The buzzer has sounded, and we are required, by the obstructive tactics now going on in the House, to go over and be present.

Mr. BUNNELL. That is good.

The CHAIRMAN. It breaks into our hearings, and we will meet again at 2 o'clock. We will try to accommodate everybody who wishes to appear to-day in some way.

Mr. McCORMICK. May I put these two contracts in the record?

The CHAIRMAN. Have you the contracts of the Chicago Tribune now?

Mr. McCORMICK. Yes, sir.

The CHAIRMAN. You can give them to the stenographer, who will put them in the record.

Following are the contracts referred to:

This agreement, made this fifteenth day of December, A. D. 1904, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Tribune Company, a corporation organized under the laws of the State of Illinois, hereinafter called the purchaser, party of the second part, witnesseth:

That whereas the purchaser has entered into a contract with Perkins, Goodwin & Co. for the purchase of its entire supply of print paper for a period of five (5) years, and it is possible that said Perkins, Goodwin & Co. may be unable to supply the purchaser with the quantity and quality of paper contracted for, and to otherwise fulfill the terms and conditions of its contract with the said purchaser aforesaid; and

Whereas the purchaser desires to provide against the consequences of a possible failure on the part of said Perkins, Goodwin & Co. to fulfill its said contract:

Now, therefore, in consideration of the premises and of the mutual promises and agreements of the manufacturer and the purchaser, and of the sum of \$1 and other good and valuable considerations each to the other in hand paid, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree to and with each other as follows, that is to say:

First. If at any time before the first day of July, A. D. 1905, said contract between the purchaser and said Perkins, Goodwin & Co. shall be canceled and terminated, the manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, the entire supply of print paper required by the purchaser in all its publications, for and during a period of five (5) years from the date hereof, viz, to the fifteenth day of December, 1909, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract, and on the following basis of weight, viz, 35½ x 46½ 128/1000, and the width of the rolls shall be as ordered, and said paper shall be delivered by the manufacturer to the purchaser at the entrance of its press room in Chicago.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper furnished and delivered under this agreement to and including the fifteenth day of December, 1906, two dollars and ten cents (\$2.10), less one and one-half per cent (1½%) per hundred pounds (without reference to a production basis) actual gross weight of rolls or bundles, including paper, wrapper, twine, and cores, the paper to run as near to the ordered weight as practicable. For all paper furnished and delivered under this agreement between the fifteenth day of December, 1906, and the fifteenth day of December, 1907, the purchaser agrees to pay the market price on December 1, 1906, for like print paper sold to consumers in like quantity and under similar conditions; and in like manner for paper furnished and delivered between December 15, 1907, and December 15, 1908, the market price for such paper on December 1, 1907; and in like manner for paper furnished and delivered between December 15, 1908, and December 15, 1909, the market price for such paper

on December 1, 1908. The market price shall be agreed upon by the parties hereto between the first and the fifteenth days of December in each of the three respective years, and should the parties be unable mutually to agree upon such market price, each shall select an arbitrator to agree thereon, and if the arbitrators fail to agree, the arbitrators shall appoint a third party, whose decision shall be final. If the market price is not agreed upon by the arbitrators before December 15th, the contract price for the preceding year shall continue for paper thereafter delivered until such price is fixed, and any balance due either party by reason of a change in price for paper furnished and delivered after December 15th shall be ascertained and paid as soon as possible after the new contract price is fixed. All payments shall be made in cash (New York exchange or its equivalent) the tenth day of each month for all paper delivered during the preceding month.

Cores shall be charged at the market price and credited at the invoice price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five (75) cents per one hundred (100) pounds such white waste as shall come from paper delivered upon this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use, said paper in consequence of strikes, fire, explosion, war, the acts of God, of the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may at its option cancel this contract and refuse to furnish any more paper hereunder, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

Sixth. It is understood and agreed by and between the parties hereto that the purchaser is not obligated to purchase from the manufacturer, nor the manufacturer to sell to the purchaser, any paper or other material under this contract except in the event that the contract between the purchaser and Perkins, Goodwin & Co. aforesaid is canceled and terminated before July 1, 1905, as hereinbefore stated.

In witness whereof the parties hereto have hereunto set their hands and seals in duplicate, at the city of New York, the day and year first above written.

INTERNATIONAL PAPER COMPANY,
By HUGH J. CHISHOLM, *President*.
THE TRIBUNE COMPANY,
By R. W. PATTERSON, *Secretary*.

PERKINS, GOODWIN & Co.,
New York, August 31, 1904.

THE TRIBUNE, *Chicago, Ill.*

DEAR SIR: We, Perkins, Goodwin & Co., hereby agree to furnish you—the Tribune Company, of Chicago, Illinois—all the news-print paper you will consume in all the branches of your business for the period of five years from January 1, 1905, to January 1, 1910, at the price and under the terms hereinafter stated.

The said paper shall be of the same quality as the samples attached to this agreement. Color, finish, and working quality to be acceptable to you.

The basis of weight shall be 24 x 36 32 lbs. to 500 sheets, without reference to production basis, but the paper is to be run as near the ordered weight as practicable.

Rolls may vary from 70 to 71 inches in width, at the option of the Tribune Company, and a proportionate variation for the smaller sizes.

The paper shall be delivered by us according to your requirements on your sidewalk, for which you agree to pay us during the year January 1, 1905, to January 1, 1906, 2½ cents per lb., actual gross weight of the rolls, including paper and wrappers, but exclusive of the weight of the cores.

Payment shall be made on the 15th day of each month for all paper invoiced during the previous month.

All cores shipped by us, not returned by you, as shown by the railroad company's B/L's are to be paid for by you at the market price.

The price which you are to pay us for news-print paper during each of the years from January 1, 1906, to January 1, 1910, shall be the market price as fixed by other contracts for like tonnage under similar conditions, as mutually agreed upon on December 1st of each year.

Should the parties hereto be unable to agree upon the market price, as described above, they shall then select a third party as arbitrator, whose decision as to the market price shall be final and binding upon both parties.

We also agree to allow you the full market price for all paper which may be stripped from your rolls on account of damage in delivery, or for defects, but no allowance shall be made for waste remaining on the core.

We also agree to keep in Chicago at all times a stock of paper equal to fifteen days' average consumption covering the various sized rolls used by you, and if any contingency should arise under which you demand a further fifteen days' supply, we will deliver the same promptly.

We also agree to furnish you your requirements of pink news-print paper, in quantities not to exceed 600 tons per year, same basis of weight and terms to apply as above. The price to be for the years 1904 to 1905, \$2.50 per 100 lbs. You are to take all pink paper ordered by you.

You are not compelled to accept deliveries under this agreement when prevented from using paper in consequence of strikes, floods, fire, the act of God, or any cause beyond the control of either party, nor will be held responsible for delivery under like conditions. The maximum of your requirements for one year must not exceed 10,000 tons.

Yours, truly,

PERKINS, GOODWIN & Co.

Witnessed:

C. H. CLINTON.

Thereupon, at 11.43 a. m., a recess was taken until 2 o'clock p. m.

AFTERNOON SESSION.

Pursuant to recess, the committee reassembled at 2 o'clock p. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. The committee will be in order. Mr. Knight, we will hear you.

STATEMENT OF MR. C. L. KNIGHT, OF AKRON, OHIO.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name, paper, and location, Mr. Knight?

Mr. KNIGHT. My name is C. L. Knight, publisher of the Akron, Ohio, Beacon-Journal.

The CHAIRMAN. Will you state to us briefly your experience in reference to the prices you had on paper for as many years back as you can go, and any other information you have on that subject that is in such shape as you have it for intelligent comparison?

Mr. KNIGHT. I can give you the prices since the paper has been under my control in 1900. In 1900 we had a price of \$2 f. o. b. sidewalk delivery, Akron.

The CHAIRMAN. With what company?

Mr. KNIGHT. That was with the Pettebone Cataract Paper Company, of Niagara Falls.

The CHAIRMAN. Was that a yearly contract?

Mr. KNIGHT. Yes, sir. In 1901 the contract price was raised to \$2.35, sidewalk delivery, Akron. In 1902 a contract was made with the same company at \$2.25. In 1903 we made a contract with them at \$2.35, sidewalk delivery. Before that contract expired they voluntarily decreased the price to \$2. There had been a break in the paper market, and I was kicking pretty strenuously on the quality of the paper delivered, and they came over with the proposition that if we would continue the contract they would reduce the price. They had broken the contract and failed to furnish the kind of paper I bought. They said if I would continue the contract they would reduce it to \$2. I did so, and they finished out that contract for two years. That made it 1905.

In 1906 we made a contract; we were in the market for a contract, and there were several other concerns trying to get it. Mr. Felch, who was the selling agent of the Norwood Paper Company, came to Akron and notified me that a big combination was going to be effected in the near future, and advised me to close a contract with him. He wanted to close at \$2, sidewalk delivery. At the same time Mr. Anderson, who was representing a paper company in Chicago, the name of which I forget at the present time, was also present, and also advised me that they were on the point of a combination. I played one against the other, and finally I notified Mr. Felch that I would close with him at \$1.90 for two years, but not otherwise. He telegraphed his house and got permission, and we closed at \$1.90, sidewalk delivery, with the Norwood Paper Company for two years—the Norwood Paper Company, of Norwood, N. Y.

The CHAIRMAN. When was this contract made?

Mr. KNIGHT. It was made about the 1st of January, 1906.

The CHAIRMAN. For two years?

Mr. KNIGHT. Yes, sir. It ran until the 1st of January, this year.

The CHAIRMAN. For two years?

Mr. KNIGHT. Yes, sir.

The CHAIRMAN. It ran until the 1st of January, this year?

Mr. KNIGHT. Yes; until the 1st of January, 1908.

Last August, that being the time, the middle of the summer, when the paper market is the lowest, I went into the market for the purpose of getting bids on our next year's supply; and, taking the matter up with a number of the mills, among which was the International Paper Company, the Pettebone Cataract Paper Company, of Niagara Falls, the Remington-Martin people, the Finch-Pruyn people, the Berlin Mills, and the Butler Paper Company, of Chicago, I was met with this kind of proposition: They sent me a circular asking me to specify the amount of paper that I used, with whom my contract was, the length of that contract, and the price that I had paid for paper. It looked like unduly prying into a man's business, and I declined. I could get no quotations from any of those people. I wrote them, and my letters were ignored. Finally matters were looking somewhat desperate, and I wrote to the International people along about the 1st of October, I think it was, and in reply I received a letter that Mr. McClaughtrey, the western selling agent of the International Paper Company, would call upon me shortly. Mr. McClaughtrey failed to do so, but about two weeks later I received a letter from Craig & Co., of New York, in which they notified me that if I was

still in the market for a contract and would fill out this slip, which is an exact duplicate of the former one, they would be glad to quote me prices. I again declined to do it, and they failed to answer my letter. I then wrote to several western mills and to the St. Regis people, and received a reply from the St. Regis people that they had no paper to sell. I then again, about a month later, wrote to the International, and received a reply that they had no paper to sell. I then wrote to the J. W. Butler Paper Company, a jobbing concern in Chicago, and they advised me that if I would call Mr. Anderson up over the telephone he would be glad to quote me prices. I did not call Mr. Anderson, but continued to fish around from one mill to another, being unable to get quotations until about the middle of November.

The CHAIRMAN. Who was Mr. Anderson?

Mr. KNIGHT. Mr. Anderson was the selling agent of the J. W. Butler Paper Company.

From the middle of November to the 1st of December I received a quotation—no, I received telephone message—from Mr. Glass, who is the selling agent of the Pettebone Cataract Paper Company, that he would be glad to see me. I asked him to quote prices, but said it would not be worth his while to come to see me if the prices were not right. He refused to do that, and insisted on coming. He came, and named me a price of \$2.65, f. o. b. Akron. I declined that. The same afternoon I received a telephone message from the selling agent of the Berlin Mills, from Niagara Falls, saying he would be glad to quote me prices on paper. I told him over the telephone that he had better name the price, as it would be useless for him to come. He insisted on coming, and when he did come he named me a price of \$2.65. I declined both the propositions, and along about the middle of December I again wrote the International Paper people, and in reply to that Mr. McClaughtrey came, and he quoted me the price of \$2.65 f. o. b. Akron.

The case was looking desperate by that time, so I went to the Central Paper Company, a jobbing concern at Cincinnati—no, at Columbus—

The CHAIRMAN. What is the name of that?

Mr. KNIGHT. The Central Paper Company. They encouraged me by quoting a price of \$2.75. [Laughter.] I then wrote to the Whitaker Paper Company. They sent Mr. Warrenner, their secretary, to see me.

The CHAIRMAN. Where are they located?

Mr. KNIGHT. They are located at Cincinnati.

The CHAIRMAN. Are they manufacturers or jobbers?

Mr. KNIGHT. They are jobbers. I told Mr. Warrenner the dire straits to which I was reduced, but said that I would almost as soon suspend publication as to pay \$2.65, as it was practically ruinous to the business. Mr. Warrenner said they could buy paper at the Canadian mills very much cheaper than in the United States, and he thought he could supply me from the J. W. Booth Paper Company, at Ottawa, Canada. So in January sometime Mr. Warrenner notified me that he could offer me an attractive proposition. He came to Akron once or twice, and we finally closed the contract, February 2, that I now hold in my hand.

The CHAIRMAN. In the meantime what are you doing for paper?

Mr. KNIGHT. I had a leeway on my contract. My contract called for so many tons a year, and I had some little degree of latitude as to amount.

The CHAIRMAN. That is, you had laid in a quantity of paper?

Mr. KNIGHT. I had enough paper on hand to run until the 1st of February. We closed this contract on the basis of \$2.45, f. o. b. Akron, the paper coming from Canada. I asked Mr. Warrenner what the effect would be if Congress, in the generousness of its heart, should decide to remove the duty from paper. He said, "Of course it would reduce the price of paper \$6 a ton." I naturally wanted the \$6, and went after it. Mr. Warrenner was not willing to concede that, and he finally agreed to split the difference with me, so that in this contract I have an addendum, which is as follows [reads]:

In case total duty on news print is removed during life of contract, price agreed upon herein shall be reduced 15 cents per hundredweight on day law becomes effective.

That is signed by the Whitaker Paper Company, H. P. Warrenner, secretary.

The CHAIRMAN. We would like the entire contract.

Mr. KNIGHT. Do you want it permanently or for inspection?

The CHAIRMAN. We do not want it permanently. The reporter will return it to you, either personally or by mail, just as you please.

The following is the contract referred to:

Agreement made this 2 day of January, nineteen hundred and eight, between The Whitaker Paper Co., a corporation duly established and existing by the laws of the State of Ohio, hereinafter called the manufacturer, party of the first part, and the Beacon Journal Co., of the State of Ohio, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of the Beacon Journal, a newspaper published in the city of Akron, O., one hundred and sixty-five tons of paper during the period from February 1 to Aug. 1, 1908, at the price and upon the terms hereinafter particularly stated. All shipments to be in carloads.

The said paper shall be of the same average quality as the sample attached to this contract and on the following basis of weight, viz: 24 x 36-32 to 500, width of rolls to be 35 and 17½ and shall be delivered by the manufacturer to the purchaser at Akron, O., f. o. b. cars.

Second. The purchaser hereby covenants and agrees to pay the manufacturer for all paper to be furnished and delivered under this agreement \$2.45 less 3% 30 days per hundred pounds, tare weight of cores to be charged on separate memorandum invoice and to be canceled on receipt of B. L. showing return of cores, actual gross weight of the rolls or bundles, including paper, wrapper, twine, and cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash (New York Exchange or its equivalent) 30 days from date of shipment.

Cores shall be credited at the invoiced price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five cents per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged, and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at its expense, and shall be treated as actually delivered to and owned by the purchaser.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity the manufacturer may at its option cancel this contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, notwithstanding the terms of this contract, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure. This contract shall commence on the 1st day of February and shall terminate on the 1st day of August, 1908.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

THE BEACON JOURNAL CO.,
C. L. KNIGHT, *Secretary*.

THE WHITAKER PAPER CO.,
H. P. WARRENER, *Sec.*

In case total duty on news print is removed during life of contract price agreed upon herein shall be reduced 15c per cwt. on day law becomes effective.

THE WHITAKER PAPER CO.,
H. P. WARRENER, *Sec.*

Mr. KNIGHT. That was some relief. The effect of this increase in the price of paper on the business I was conducting was simply to reduce the business from a highly profitable one for the paper and location to one that was very unsatisfactory. In other words, I am called upon to contribute to somebody about \$5,000 of my profits.

The CHAIRMAN. Now, let us see how much paper do you use, Mr. Knight?

Mr. KNIGHT. I have used 375 tons a year, but when I found we were going to be bled in the way we have I commenced to curtail. I did not publish many sixteen-page papers. I reduced the size from sixteen pages to twelve. Instead of publishing a sixteen-page paper I published a twelve-page paper. Instead of publishing a twelve-page paper I reduced it to ten pages, and I also added a column width to my paper, making it an eight-column paper instead of a seven-column paper, thereby saving about one thirty-seventh of the cost of the paper, and sacrificing the interest of my readers to that extent.

The CHAIRMAN. How much reduction in size did that make in your paper?

Mr. KNIGHT. About four pages to the issue?

The CHAIRMAN. How much would that make in the course of a year in the tonnage of the paper you used?

Mr. KNIGHT. Well, that would make about one thirty-seventh.

The CHAIRMAN. Of the tonnage?

Mr. KNIGHT. About one thirty-seventh.

Mr. SIMS. A little over a third.

Mr. BANNON. Ten per cent?

Mr. KNIGHT. That is about right.

The CHAIRMAN. One thirty-seventh is one thirty-seventh, if that is what you mean. It would be a little less than 10 tons that it would reduce. I want to get the proportion.

Mr. KNIGHT. You can get those facts from the contracts. Instead of using 375 tons of paper, this contract calls for six months for 165 tons.

Mr. SIMS. I thought you meant 37 per cent off.

Mr. KNIGHT. No, sir.

The CHAIRMAN. It is one thirty-seventh. The reduction in size is somewhat material, but not very great.

Mr. KNIGHT. It is material to the extent of about \$1,000. It saves about that much.

The CHAIRMAN. I mean in the size of the paper. I am not speaking of the price.

Mr. KNIGHT. Yes; in size it is considerable. Take four pages off of a country newspaper and you deprive the readers of a good deal of reading matter.

The CHAIRMAN. I asked you how much the reduction in size amounted to.

Mr. KNIGHT. The reduction in size was from two to four pages. If I ran a twelve-page paper instead of a sixteen-page paper, the reduction would be four pages.

The CHAIRMAN. In the amount of paper consumed in the production of one copy of the paper, how much reduction in size?

Mr. KNIGHT. It would be about 20 per cent, if you put it on a percentage basis.

The CHAIRMAN. Now, if you had been required to pay \$2.65 for your paper, what would have been the effect, so far as the profitable operation of the paper was concerned?

Mr. KNIGHT. The effect would practically have been to wipe out my profit.

The CHAIRMAN. You say practically wipe out the profit?

Mr. KNIGHT. I have not figured it out, but that would depend on the amount of business we did. But if we had had to pay \$2.65, it would have almost wiped out the profit.

The CHAIRMAN. Have you computed as to the actual increase of cost per year on the present contract over the previous contract for the paper you use?

Mr. KNIGHT. Yes, sir.

The CHAIRMAN. What is that?

Mr. KNIGHT. I figure that at near \$5,000; 4,700 and some odd dollars.

The CHAIRMAN. What was the increased price per hundred or per ton?

Mr. KNIGHT. I got the paper at \$1.90 delivered in the office. I am now paying \$2.45 f. o. b. Akron. I have to pay 60 cents a ton to deliver that paper. That makes the paper cost an increase of \$11, and \$1.20 a ton would make \$12.20 a ton that they have plastered me. That is the increase.

The CHAIRMAN. The increase in the price is 58 cents.

Mr. KNIGHT. Yes, sir. At \$1.90 I was buying at \$28 a ton. At \$2.45 I am buying at \$49 a ton, plus 60 cents a ton for delivery, and that makes \$50.20, or an increase of \$12.20 a ton. That is enough, however. The effect on me is very small as compared with the effect on other Ohio papers that I happen to know something about.

The CHAIRMAN. What other Ohio papers can you tell us about from fairly accurate knowledge?

Mr. KNIGHT. At the last meeting of the Ohio associated dailies I was selected as the chairman of the committee to cooperate with the American Newspaper Publishers' Association, so far as Ohio was concerned, in securing some relief from these oppressive conditions. In

the time I had at my disposal I have devoted a good deal of time to studying the conditions of Ohio papers.

Now I come to a point where I would like to give the facts, but not the names of the papers concerned, for reasons that are obvious.

The CHAIRMAN. We would have to have the names of the papers if you gave us the information.

Mr. KNIGHT. For instance, here is the situation: I happen to know of one paper in Ohio whose profits are wiped out and whose proprietor is obliged to borrow money in order to run the pay roll. If I were to give you the name of that publisher and it goes on record you can see how seriously it might impair his credit, and it would be unfair to him. I can give to the committee the names of those people. I would be glad to do that, but I am not at liberty to divulge the names and the condition of their business.

The CHAIRMAN. You can very readily see that we can not start in to allow a man to tell stories without giving any data by which we can ascertain the exact facts. Of course, what you know is what somebody told you.

Mr. KNIGHT. I am willing to give you the data if you will keep it out of the record.

The CHAIRMAN. Of course we can not do that. We will be glad to have any information you can give, but—

Mr. KNIGHT. But you can see what kind of a position that leaves me in. If you were running a paper and had to borrow money to meet your pay roll, you would not want that information made public, from a commercial standpoint.

The CHAIRMAN. I never published one.

Mr. KNIGHT. If you had, perhaps you could sympathize with the position I state.

The CHAIRMAN. No; I will take that back; I once was a publisher in a small way, but there were no such profits or losses as to make me care whether the public knew about them or not. [Laughter.]

Mr. KNIGHT. I can say that I know of my own knowledge that the increase in the cost of paper has borne very heavily upon the small publishers in the State of Ohio. Many of those fellows that formerly got their paper at 2 cents are now paying as high as 3 and 3½ for it. I know at least half a dozen cases in which men who have spent the best years of their lives in establishing their business in small towns, fairly remunerative, are in a position in which their profits are wiped out now, in many cases, and they are up against it good and hard.

The CHAIRMAN. Of course your own case shows an increase of price.

Mr. KNIGHT. I am fortunate in comparison with some of my brother publishers in the State of Ohio.

Mr. SIMS. They have not the advantage of large contracts?

Mr. KNIGHT. No, sir.

The CHAIRMAN. We are endeavoring to collect from all the newspapers of the country of any size at all statements of the prices that they are paying for paper, and the prices they have been paying. That has been done heretofore, so far as that is concerned.

Mr. KNIGHT. I should think, Mr. Chairman, that the practical effect from the increase in the price of paper on the papers of the State of Ohio, which is one of our strongest newspaper States,

should be a matter of great interest to the country and to this committee.

The CHAIRMAN. Do not assume that we are not interested in it. We are perfectly willing to have it. We ask you for any information you have, but we can not make any agreement with you in advance that you shall be allowed to give only what you think is proper and not what we think is proper.

Mr. KNIGHT. You can not make conditions in advance.

The CHAIRMAN. We make no conditions. You are the one who is trying to make conditions.

Mr. KNIGHT. I can readily file or produce a letter or a list of papers in the State of Ohio that are paying over 3 cents for their paper at the present time.

The CHAIRMAN. We will be glad to have that, but I presume we will ascertain that before you do.

Mr. KNIGHT. I do not know about that. I happen to have it now.

The CHAIRMAN. Well, produce it.

Mr. KNIGHT. I haven't got it here.

The CHAIRMAN. I do not think you are trying to treat the committee in good faith.

Mr. KNIGHT. It is not my intention, Mr. Chairman, to trifle with the committee, I assure you, sir; but I am trying to impress upon you the difficulties by which I am surrounded in this matter, and I say if you were a newspaper publisher you would appreciate that. I think I have no right to divulge the name of a publisher who is already pressed down to the ragged edge.

Mr. SIMS. The knowledge of this fact came to you by reason of the position you held, that is not personal to you, and therefore you feel you are not at liberty to divulge information obtained in that way?

Mr. KNIGHT. Exactly.

Mr. SIMS. I think you are exactly right about that.

Mr. KNIGHT. I think I have not the right to divulge that information. I think my brother publishers have been pounded enough without being put on record as practically bankrupt.

The CHAIRMAN. Is there anything else?

Mr. KNIGHT. No, sir; if I am barred from that.

The CHAIRMAN. You are barred from nothing. Do not attempt to put us in that position. We will not make a contract with you as to what you shall testify.

Mr. KNIGHT. You say, Mr. Chairman, that that is not testimony.

The CHAIRMAN. I beg your pardon; I did not say what was testimony.

Mr. KNIGHT. The moment this goes into the record the damage is done to my brother publishers, whose interests I am trying to protect.

The CHAIRMAN. We have not limited you. You are refusing to testify to something that you offered to testify to.

Mr. KNIGHT. I wanted to give you the facts without divulging the names and putting on the record the names of the people who may be hurt by the publication of these proceedings.

Mr. MILLER. If these facts are important, they are important only because they relate to some phase of this industry, and we must know from whom you get these facts, and their relation to the industry, in order that we may know if the facts are important and whether we can justify ourselves to the country in making a report upon

them. We can not do that if you simply furnish us a part of the facts as you gather them, or if you decline to furnish us with the names of the men from whom you gather these facts, so that we may have an opportunity to go into an investigation, so far as they are concerned. We will call them here, possibly, and examine them very closely, and find out what they know about it.

Mr. KNIGHT. That is exactly the proposition I made to you, sir, that I would divulge to you the facts ascertained by reason of my position as chairman of this committee, and that I would be willing to give to the committee those names, provided you withheld them from the record, and have you summon these parties, if you desire it, and let them testify if they desired.

Mr. MILLER. We are not at liberty to withhold anything from the record. We can not do that, even if we were disposed to; and, as a member of the committee, I am not disposed to.

Mr. KNIGHT. I am ready to believe that.

Mr. MILLER. I am disposed to put in the record all you gentlemen say, and when it is all in I will stand my share of the responsibility in going before the country on what appears here, whether it be for or against you. But I am not willing that you shall put into this record a statement of facts that you say are facts, and then that you should refuse to give to this committee the names of the persons from whom you got those facts and let us see and examine those gentlemen in the way we want. We can not afford to make it a part of this hearing, and only a part, because some of the gentlemen interested would be the first to complain and would say that that committee, appointed for the purpose of preventing a report instead of getting one, has only published part of the facts as testified to by witnesses, and not the whole facts. We are going to give to the country the whole facts, and we want you to give us all you know.

Mr. KNIGHT. I offered to give the facts and supply you with the names of the gentlemen from whom I got them, so that you might get from them a corroboration or denial of my statements; but I decline to publish to the world, through my testimony here going on record, the fact that these conditions have bankrupted a brother publisher, because he has been hit hard enough, and I do not believe it would be fair or honorable for me to do that without his consent.

Mr. SIMS. If I caught it correctly, this information came to you by reason of your being secretary——

Mr. KNIGHT. Chairman——

Mr. SIMS. Yes. Now, then, it came to you in that capacity, but in such a way that you could not know whether they were facts or not?

Mr. KNIGHT. They came from the publishers themselves.

Mr. SIMS. By written or verbal reports?

Mr. KNIGHT. By verbal reports. I visited a great many of them myself.

Mr. SIMS. You are offering to state to the committee what your investigations showed, without disclosing the names publicly, but you do propose to give the names of the witnesses who furnished you with the information which you think would injure their credit, or rather that it would injure their credit to publish to the world the fact that they are financially embarrassed for fear that it would further embarrass them. I understand that is your position?

Mr. KNIGHT. That is exactly my position, sir.

Mr. SIMS. This testimony, Mr. Chairman, in many respects is hearsay, newspaper clippings, and otherwise. Why not let this witness state the facts which he found for what they are worth?

The CHAIRMAN. I have no objections to the witness, so far as I am concerned, stating anything he pleases; but we certainly will not make an agreement with him to stop asking for information at the point he desires. On the very point we might want information on the witness would refuse to give it. We have the right to compel the witness to answer, but we have no desire to embarrass the witness. But suppose the other side wanted to come before the committee and furnish information in the private room not to go into the record. Does the witness or anyone else for a moment think we would be justified in that? So far as I am concerned, the committee will receive no secret evidence from anybody. The proposition is ridiculous.

Mr. KNIGHT. That position would be all right, I think, if I had not explained the condition when I offered to give the committee the names of those people. The only point that I contend against is that I have no right to embarrass these people by publishing to the world—

The CHAIRMAN. Then you don't say what you are trying to do—

Mr. KNIGHT. To publish to the country the damnable conditions—

The CHAIRMAN. Why don't you do it. If you have any information to give to the committee, proceed. If not, we will go to somebody else.

Mr. KNIGHT. I am anxious to enlighten the committee to the extent of my ability, but I will decline to—

The CHAIRMAN. No; you are anxious not to enlighten the committee. Mr. Newman—

Mr. BANNON. Let me ask a question: What is your commercial rate for advertising in Akron?

Mr. KNIGHT. Twenty-five cents an inch for each insertion.

Mr. BANNON. Is that a square?

Mr. KNIGHT. No, sir; that is a lineal inch.

Mr. BANNON. Is the advertising charged for there by what is termed the square?

Mr. KNIGHT. Legal advertising is; yes, sir.

Mr. BANNON. What proportion of what you call ordinary commercial advertising is borne by the square of legal advertising?

Mr. KNIGHT. A square is eight-tenths of a lineal inch.

Mr. BANNON. Your charge, then, for commercial advertising would be 25 cents for eight-tenths of an inch?

Mr. KNIGHT. No, sir; 25 cents a lineal inch means 25 cents for 1 inch down the column, one column wide. A square is something less than that; approximately eight-tenths of an inch. We do not use that in commercial advertising. It is only used in legal advertising.

Mr. BANNON. That is what I said. Then, as I understand it, an inch of commercial advertising is in space a square, and legal advertising is eight-tenths of an inch of commercial advertising?

Mr. KNIGHT. Yes.

Mr. BANNON. What is the rate charged for legal advertising?

Mr. KNIGHT. One dollar a square for the first insertion, and 50 cents for each subsequent insertion, making an average of 75 cents.

The CHAIRMAN. Is that all?

Mr. KNIGHT. Yes.

The CHAIRMAN. Mr. Newman?

[No response.]

The CHAIRMAN. Mr. Stanley.

STATEMENT OF MR. NATHAN D. STANLEY, OF SEDALIA, MO.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Standley, will you give us your name and paper?

Mr. STANLEY. My name is Nathan D. Stanley, and I am business manager of the Sedalia Democrat Company, who publish the Democratic Sentinel at Sedalia, Mo.

The CHAIRMAN. Can you tell us, commencing back as far as you can, your experience with reference to the prices paid for paper and any information on that subject?

Mr. STANLEY. My experience, Mr. Chairman, is very short. I have only been in the newspaper business for myself for about fifteen months. In January, 1907, I bought the old Sedalia Democrat, and thirty days after that I took over the other afternoon paper, the Evening Sentinel. We are a corporation incorporated under the laws of the State of Missouri, and issued them stock for what I gave them for their paper. The principal asset they had at that time was a contract with the Graham Paper Company, of St. Louis, which had quite a good deal of tonnage, and their price was \$2.12½ delivered at Sedalia. Their contract was dated July 16, 1906, and it had until August of the following year to run, 1907, and so, of course, I assumed that contract, our corporation did, and carried it out to the end of the year, practically August 1. That was when the contract was to expire.

The latter part of June or early in July, 1907, I began corresponding to see what could be done in the way of a renewal, and I wrote to the Irwin Paper Company, of Quincy, and the Beacon Paper Company, and the Butler Paper Company, and the St. Louis Paper Company, and the Graham Paper Company, of St. Louis, and the Kansas City Paper Company, of Kansas City. The Beacon people and the Irwin people refused to quote me, saying they did not care to take on any new business. The Butler people and the St. Louis Paper Company and the Graham people quoted me \$2.65, and the Butler people and the St. Louis people let it drop there. I never had anything more from them. The Graham people sent their man to see me at Sedalia, and he was with us two days there, trying to close the contract, and I could not vary him from \$2.65. That seemed to be the rate, and there was no getting away from it. I went out and told them I was going to wire the Kansas City Paper Company, and did wire them, asking if they could do better than \$2.65 on 100 tons to be used in a year. They replied by wire that they would see what their mill would do. I went back to the office, and the Graham man was waiting for me. I told him if he was going to make a contract with me he had to do better than \$2.65. He went out and said he would call up his house. He practically believed I was about to close with

the Kansas City paper house, and he went back to the telephone office and telephoned his people, and came back, and finally, after a great deal of figuring, we agreed on a price of \$2.63½ for 100 tons, with 3 per cent off for cash.

The CHAIRMAN. That was for this year, this calendar year?

Mr. STANLEY. Yes, sir; from August, 1907, to August, 1908; and that is the contract we are working on now.

The CHAIRMAN. How do you get your paper—by the carload?

Mr. STANLEY. Yes, sir.

The CHAIRMAN. Where does it come from?

Mr. STANLEY. From the Graham Paper Company, of St. Louis. I think they own two mills themselves; one at Grand Rapids, Mich., and one at Grand Rapids, Wis.; and then we have gotten a carload from Quinnesec, Mich.

The CHAIRMAN. Would the paper be billed to you in the cars from the mills?

Mr. STANLEY. Yes.

The CHAIRMAN. Where did it come from?

Mr. STANLEY. From Grand Rapids, Mich., and Grand Rapids, Wis., and Quinnesec, Mich.

The CHAIRMAN. What was the freight? Do you know?

Mr. STANLEY. I did not think that question would be asked me. I came away from home on two hours' notice. I never had occasion to investigate the freight rate, but I think it is 20 cents. As near as my memory will serve me, that is what our last carload would figure. When it comes over the Missouri, Kansas and Texas, it is shipped from Hannibal; the shipper pays the freight to Hannibal, and I pay from Hannibal to Sedalia. When it comes by St. Louis, it is paid to St. Louis, and I pay from St. Louis and deduct the freight and remit the balance.

I would like to state that I have been casting about to see what I can do for another year, and the best I have been able to do is \$2.80.

The CHAIRMAN. Who is that with?

Mr. STANLEY. That is the Graham Paper Company and the J. W. Butler Paper Company.

The CHAIRMAN. Where is that?

Mr. STANLEY. In St. Louis.

The CHAIRMAN. Does the J. W. Butler Paper Company have a house in St. Louis?

Mr. STANLEY. I think so.

The CHAIRMAN. That is in Chicago. Have you any letters from them quoting the price?

Mr. STANLEY. Not lately. It is Chicago. You are right. J. W. Butler & Co., Chicago; that is right.

The CHAIRMAN. When did you receive any quotations, and from whom, at \$2.80?

Mr. STANLEY. Within the last few days, or few weeks.

The CHAIRMAN. When, I say?

Mr. STANLEY. I have not written any letters at all to these people, but they have their representatives in there every few weeks, and I have inquired of the Kansas City Paper Company and the St. Louis Paper Company—that is, of their representatives—and the Graham Paper Company.

The CHAIRMAN. Can you tell us which paper company, or its representatives, quoted you a contract price of \$2.80, and when?

Mr. STANLEY. No, sir. I can not say when. It was done in the office, verbally, within the last ten days. Mr. Hawkins, of the Graham Paper Company, quoted me that price of \$2.80.

Mr. SIMS. What is your present contract?

Mr. STANLEY. \$2.63½.

Mr. SIMS. They propose now to raise it to \$2.80 on the same terms?

Mr. STANLEY. Yes, sir.

The CHAIRMAN. Mr. Fisher.

STATEMENT OF MR. H. J. FISHER, OF NEW YORK CITY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name and position, and so forth?

Mr. FISHER. H. J. Fisher, vice-president and general manager of the Crowell Publishing Company.

The CHAIRMAN. New York?

Mr. FISHER. New York, and Springfield, Ohio.

The CHAIRMAN. What is your business?

Mr. FISHER. Our business is publishing a woman's magazine called The Woman's Home Companion, and a farm paper called The Farm and Fireside.

The CHAIRMAN. How much paper do you use in a year?

Mr. FISHER. About 1,000 tons of news print.

The CHAIRMAN. The ordinary news print?

Mr. FISHER. Yes, sir; we use a good deal more of the book paper.

The CHAIRMAN. What are you paying for news-print paper now?

Mr. FISHER. Two dollars and forty-three cents delivered f. o. b. Springfield, Ohio.

The CHAIRMAN. And how about New York?

Mr. FISHER. We do not take any paper in New York. All our manufacturing is in Springfield, Ohio.

The CHAIRMAN. On what kind of a contract and with whom?

Mr. FISHER. We have a contract with the Laurentide Paper Company, of Grand Mere, for the calendar year 1908.

The CHAIRMAN. For 1,000 tons?

Mr. FISHER. Well, my contract would let me use up to 1,800 tons. It is elastic. We shall use approximately 1,000 tons on that contract.

The CHAIRMAN. What did you pay for paper last year?

Mr. FISHER. Last year we were paying \$1.94 f. o. b. Springfield, Ohio.

The CHAIRMAN. That is for the calendar year 1906?

Mr. FISHER. No, sir. When I went with this company, which was on the 1st of August, 1907—the 1st of August, 1906—I found them working under a two-year contract with the International for the two years 1906 and 1907; 2,000 tons, covering two years, at \$1.94, f. o. b. Springfield.

The CHAIRMAN. You know nothing about what they paid for paper before you went with them?

Mr. FISHER. No, sir; I am not familiar with their old prices.

The CHAIRMAN. But the price was raised at the expiration of their former contract from \$1.94 to——

Mr. FISHER. To \$2.50, it would have been.

The CHAIRMAN. It is not \$2.50—\$2.50 is not what you gave us. What was it raised to?

Mr. FISHER. Two dollars and forty-three cents.

Mr. BANNON. Ten dollars a ton, \$10,000 for a year?

Mr. FISHER. That is just about it.

The CHAIRMAN. Not quite \$10,000 for the year.

Mr. FISHER. I will tell you, if you would like, in a few words, the history of our failure to renew with the International. About the 1st of October last year I called Mr. Wright up—Mr. Wright of the International Paper Company—and in the course of lunch I said, "Wright are you going to sell us paper next year?" Much to my surprise—because I thought he would say "Yes, but you will have to pay \$2.50 or something like that"—he said, "We are very sorry, but we can not sell you any paper next year. We have so great a demand on the part of other customers to take the entire output that we are compelled to give up your business, and I am sorry I can not quote you the price." When I left Mr. Wright I said, "Have you any suggestions as to whom I should go to to try to get a contract next year?" And he said, "You had better get hold of Mr. Davis. Call up Jack Davis, of H. G. Craig & Co. I would not wonder if they could not sell you paper." I went back to my office, and in the course of the next week I wrote at least fifteen letters to paper mills throughout the country, in the East and West and in the Middle States.

The CHAIRMAN. This was in October?

Mr. FISHER. In the month of October. I do not think I got a single bid, except from some mill in Wisconsin, lower than \$2.60. Most of these letters were ignored. They were not even acknowledged except by H. G. Craig & Co. Mr. Davis came up to see me and quoted me a price of \$2.50 f. o. b. Springfield, and finally, after conversation, he agreed to deliver it in the press room for \$2.50. He said, "This will be open for twenty-four hours. Things are getting so hot that I can not guarantee that price for more than twenty-four hours." I strung it on, to get extension after extension, so that it ran about a week, at the end of which time I got in touch with the Laurentide people and closed with them at that price.

Mr. SIMS. Two dollars and forty-three cents?

Mr. FISHER. Yes, sir; and I also have it provided in that contract that if the duty is removed I will get half the duty.

Mr. SIMS. If it is removed during the time of the contract?

Mr. FISHER. Yes; I get half the duty during that time.

Mr. SIMS. The Laurentide people evidently think the removal of the duty will reduce the price of paper to that extent?

Mr. FISHER. Yes, certainly.

Mr. SIMS. Then the Canadian people do not anticipate that there will be an export duty levied on paper exported to the United States?

Mr. FISHER. No; I would say that is true.

Mr. SIMS. In case the duty was removed?

Mr. FISHER. Yes.

Mr. STAFFORD. That merely follows as to the time of your contract, which is for how long a period?

Mr. FISHER. I question if that would imply that they had any such idea in their minds as to the permanent outcome of this thing if the duty is removed, and I think it is a very necessary thing to be quite assured, at least in your own minds, that there will not be an export duty put on pulp if the duty is removed, because if that is done it will be bad for the paper business and bad for our forests and bad for everything; but I can not see, if there is no export duty—and in my own mind I do not think it will be—I do not see why, if it is not, why it can not be of great benefit to this country.

The CHAIRMAN. You know now there is practically an export duty on pulp wood?

Mr. FISHER. Yes. I understand about 20 to 25 per cent of the wood used in American paper is from Canada.

The CHAIRMAN. You were speaking of the likelihood of putting an export duty on wood pulp when there is now practically a duty on exported pulp wood, which is admitted free.

Mr. BANNON. I want to ask you this question: From your testimony it seems that you use in the Springfield paper 1,000 tons per annum, and that the increase in price last year was a little less than \$10 a ton, so that the extra cost of paper to you was approximately \$10,000 for the year?

Mr. FISHER. Yes, sir.

Mr. BANNON. Now to what extent was that material to the profits of the paper? In other words, we are speaking now of the years 1907 and 1908, are we not?

Mr. FISHER. Yes; comparing the two years.

Mr. BANNON. Now, to what extent will that reduce your profits in 1908 under what they were in 1907?

Mr. FISHER. Every bit of that money has to come out of the net profits of the paper, of course. Probably the readers will bear from half to two-thirds of it, and we will bear the other half or one-third.

Mr. BANNON. How will the readers bear half to two-thirds?

Mr. FISHER. We are giving them a little smaller paper.

Mr. BANNON. To what extent will that reduce the dividend for 1908?

Mr. FISHER. On our property?

Mr. BANNON. On the Springfield branch of the property.

Mr. FISHER. It is pretty hard for me to tell. We have two papers, all in one company, and it is rather difficult for me to figure out just how much is credited to one paper and how much to the other. We make both papers in the same plant with practically the same machinery, and have the same executive and office force for both papers. One is printed on book stock and the other on news stock.

Mr. BANNON. I see both of them. I know them. Will the dividend for 1908 be reduced?

Mr. FISHER. By that do you mean the stock dividend?

Mr. BANNON. Oh, no.

Mr. FISHER. I do not get your meaning of dividend.

Mr. BANNON. The dividend, as I look upon it, is the share of profit that comes to stockholders?

Mr. FISHER. That is what I mean.

Mr. BANNON. Yes.

Mr. FISHER. I am not prepared to say what it will cost, so many other things enter into it. We may carry more advertising, and we may have a larger circulation, and we may make economies along other lines. We do a very large business, and it would be impossible for me to say one way or the other whether a difference of \$10,000 will make a difference in our dividend.

Mr. SIMS. Although it will make a difference in your earnings?

Mr. FISHER. Yes, unless we make it up from some other source.

I would like to read to you a letter which I had forwarded here to-day by my superintendent out in Springfield. [Reads:]

THE CROWELL PUBLISHING COMPANY,
Springfield, Ohio, May 5, 1908.

DEAR MR. FISHER: When I was in Chicago I saw two paper dealers, Birmingham & Seaman, who control the Flambeau mills, in Wisconsin, who quoted a price of \$2.40 for news print f. o. b. Springfield. That was for immediate acceptance. I also talked with a representative of the J. W. Butler Company, who represent the Taggart mills, of Watertown, N. Y., who quoted me a price of \$2.37 f. o. b. Springfield less 3 per cent thirty days or \$2.30 net cash f. o. b. Springfield. Isn't this last a little better than could reasonably be expected at this time? If you are interested I will have them send you samples and go into the matter in greater detail. They assure me that the Taggart mills can put out a paper identical with the Farm and Fireside paper we are now using.

Yours, truly,

H. J. B., Jr.

The CHAIRMAN. Have you been negotiating recently for paper?

Mr. FISHER. No. Our contract is in force for all this year, and I was simply getting posted.

I will tell you one point that I have not told you: Within the last few months Mr. Davis, of H. G. Craig & Co., called me up on the telephone and wanted to know if we were on the market for paper. He was aware that we were buying of the Laurentide people, and he must have known that we were buying on a yearly contract. Anyway, he called me up and asked me if we were in the market for paper. I said, "Are you still asking \$2.50?" He said, "I will not say anything about that, but if you want to get some paper, I would like to have a talk with you."

The CHAIRMAN. Have you heard of what Mr. Stanley had to pay?

Mr. FISHER. No; but I can imagine what the other little fellows have been nailed up to.

The CHAIRMAN. Do you know what the advance has been on book paper?

Mr. FISHER. Well, it has been anywhere from 25 to 50 cents. That is, it has been anywhere from 3½ to 4 cents. Some people were paying \$3.70 and \$3.60, but nobody was paying under \$3.50 in 1907, and I do not know anybody that is paying under 4 cents now.

The CHAIRMAN. There has been an advance of about 50 cents a hundred?

Mr. FISHER. Yes, I should say so; not all at once. It went up in easy stages.

Mr. SIMS. About \$20 a ton; no, I mean \$10.

The CHAIRMAN (jocularly). That is about as near as you can get. [Laughter.]

Mr. SIMS. I am just thinking what it will be. [Laughter.]

The CHAIRMAN. All right, Mr. Fisher; we are very much obliged to you.

Now, Mr. Hastings.

STATEMENT OF MR. WILMOTT R. HASTINGS, OF LYNN, MASS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Give your name and paper, please.

Mr. HASTINGS. Wilmott R. Hastings; Lynn Item, of Lynn, Mass.

The first contract I had, Mr. Chairman, was just ten years ago, 1898, when I was buying paper at \$1.64½ less 2 per cent ten days, delivered in the press room, and from there until 1899 the price varied, \$1.87½, \$1.90.

The CHAIRMAN. Give us the year.

Mr. HASTINGS. During 1898 and 1899. In 1901 the price was \$2.10, and there were various increases and decreases from that time up to 1907, when the price was \$2.10, and we had that contract at \$2.10 until the 1st of January of the present year, and then the price was jumped to \$2.50. These prices are all net, thirty days, after 1901, and it was the price for paper delivered in the press room.

The CHAIRMAN. Were the contracts all with the same company?

Mr. HASTINGS. We started in in 1898 with Carter, Rice & Co., of Boston, a jobbing house. I have forgotten where the paper came from then, but after that we had contracts with the International Paper Company, and the Berlin mills, and the Pejepscot mills.

The CHAIRMAN. If you would give us the years when you had those contracts it would be more valuable information.

Mr. HASTINGS. I can give you a copy of this [indicating statement].

The CHAIRMAN. Very well, give it to the stenographer. That gives the memorandum with reference to your contracts?

Mr. HASTINGS. Yes, sir.

Following is the document referred to:

News-print paper.

Date of contract.	Carter, Rice & Co.	International Paper Co.	Berlin Mills Co.	S. A. Shannon, Boston.	Price per 100 pounds.	Discount.
	Tons.	Tons.	Tons.	Tons.		
1898—January 5 s.....	100				\$1.64½	2 per cent 10 days.
February — s.....		100			1.87½	3 per cent 10 days.
February — s.....		100			1.90	Do.
February 2 s.....			100		1.85	2 per cent 10 days.
November 12 s.....			200		1.85	Net 30 days.
1899—March 18 s.....		800			1.90	3 per cent 10 days.
1901—June 1.....		300			2.10	Net 30 days.
1902—June 1.....		400			2.25	Do.
1903—June 1.....		600			2.35	Do.
1904—June 15.....			600		2.25	Do.
1905—June 15.....			50		\$2.20	Do.
July 6.....				250	\$2.00	Do.
1906—March 9.....		6			2.25	Do.
June 22.....						
October 11.....		8			2.05	Do.
October 20.....						
November 22.....				16	2.00	Do.
December 4.....				15	2.00	Do.
December 17.....				8	2.00	Do.
December 22.....				8	2.00	Do.
December 27.....				12	2.00	Do.
1907—January 1.....				600	2.10	Do.
1908—January 1.....				300	2.50	Do.

* Spanish war period.

* Tons per month for three years. On this contract we used 70 tons at \$2.20 and 33 tons at \$2.05. We ceased sending in further orders because the paper was full of fine "meal." We found we could avoid this great annoyance by getting paper elsewhere.

* Price reduced June 27, 1905, to \$2.05.

* Price reduced March 5, 1906, to \$1.95.

Mr. HASTINGS. Last summer, in July, there was talk about increasing the price, and we were then paying \$2.10, and we tried to get a renewal of our present contract. The agent said the best he could do would be about \$2.35. We could not get anything less than that.

The CHAIRMAN. When was this?

Mr. HASTINGS. Last July. Our contract then had six months to run, but we heard so much talk about paper being increased, and that probably it would go to \$2.50 and \$2.75, and even 3 cents, that we thought we had better look around and get a renewal, but we could not. The best quotation we could get at that time was \$2.35, and we said we would wait.

About that time Mr. Fahey, of the Boston Traveller, invited us to participate in a combination of newspapers in our vicinity to aggregate a consumption of about 6,000 tons. Our own consumption is about 600 tons a year. He said that Mr. Felch, of New York, would like to supply him, and he thought he could supply all these papers, and he thought at that time the price would be about \$2.40, but I wanted Mr. Fahey to go to Canada and look over the mill, the Booth paper mill. Mr. Fahey went there and stayed two days, and finally there was a question about the mills being able to supply 6,000 tons. They were afraid some accident might happen and they would be held for damages; so they telephoned over to the Laurentide mills and made an arrangement with them, and then said, "Yes, we will take this contract." Mr. Fahey arranged with the agent coming along on the train, and finally agreed upon a price of \$2.30 delivered; and an order for a sample car was immediately sent, wired from the train, with the idea that if that carload of paper was satisfactory the deal was to be made; but on one pretext or other the car did not come along. They said it would be shipped immediately, but it soon was one week, and then it was three weeks, and finally the car of paper never came, and the quotation was suddenly withdrawn.

Mr. Fahey told me that about that time the agent of the Pejepscot mill came to him and seemed to be pretty well informed as to what had transpired. At any rate, he said he thought he could make a shrewd guess as to about what had been offered in the way of price, and so forth. They not only offered the price of \$2.30 delivered, but also guaranteed to keep in storage in Boston a sufficient quantity of paper at all times, so that none of the papers could ever be short on account of storms in the winter, on account of being so far away from their base. They agreed to pay the storage and set it down in the press room.

The CHAIRMAN. By the way, what is the difference between delivery in the press room and delivery on the sidewalk?

Mr. HASTINGS. It takes the cartage.

The CHAIRMAN. Oh, no; delivery on the sidewalk means delivery on the front of the building. That takes the cartage.

Mr. HASTINGS. It depends on how the contract is made.

The CHAIRMAN. The maker pays the cartage in each case. Is there any difference in the terms? We have had it here frequently; delivery on the sidewalk and delivery in the press room. In the trade is there any difference?

Mr. HASTINGS. I could not say. There might be a difference in the facility of getting it into the basement, in the press room. But our contracts have always been that it should be delivered in the press room.

Mr. STAFFORD. Under that contract who delivers the paper in the press room, the contractor?

Mr. HASTINGS. It comes out of the paper manufacturer. Either we pay the freight and charge it back, or he prepays it.

Mr. STAFFORD. I am not calling attention to the freight item, but the expense of hauling it to the press room.

Mr. HASTINGS. We make the best contract we can with our local truck men for such a delivery, and the paper maker pays for the whole trucking.

Right there, at that time, we tried to hold the New York agent of the company to this figure that had been quoted and told him that we thought he was in duty bound to protect us, or at least a portion of the contract, inasmuch as it had gone so far, and we were compromised to some extent with the people who were furnishing to us, because we had declined to make a new contract; and they wrote to the mill about it, and we never heard anything further. The Springfield Union, however, was one of the papers that was in the combination, and they had gone still further than we, and the result was that they were high and dry. As a matter of fact the Booth Company did protect the Springfield Union at \$2.30.

Mr. STAFFORD. The representative of the Springfield Union, as I remember, testified that he entered into a separate contract with the Booth Company for the supply of his paper.

Mr. HASTINGS. They were in the combination, and under the circumstances the Booth Company stood by the quotation and protected the Springfield Union. That was the only paper out of the bunch that was protected.

Mr. STAFFORD. From the testimony given here yesterday, the representative of the Springfield Union stated that he visited the Booth mill and entered into a separate contract for the supply of his newspaper.

Mr. HASTINGS. I have no doubt that is true, sir. But that paper was one of the papers that was originally in the proposed combination.

Mr. STAFFORD. He testified to that fact also.

The CHAIRMAN. I understood him to say that the combination itself fell through.

Mr. HASTINGS. It was because they withdrew their quotation. They declined to stand by it.

The CHAIRMAN. I did not so understand. Of course he did not say that.

Mr. HASTINGS. Then we tried to make the best contract we could, and for the 1908 supply we tried to get a quotation from the International, and they declined to give us any quotations and said they could not furnish us. Then the best price we could make was \$2.50, at which price we bought part of the year's supply. We thought that there was just as much chance of the price dropping as there was of its going up.

The CHAIRMAN. Is that the price you are paying now?

Mr. HASTINGS. Two dollars and fifty cents.

The CHAIRMAN. From what company?

Mr. HASTINGS. From the Pejepscot mills. It is the Parsons Paper Company. Some comes from the Pejepscot mills and some from Lisbon Falls.

The CHAIRMAN. When was this last contract made?

Mr. HASTINGS. We made a contract in August last for 300 tons, for about half a year's supply.

The CHAIRMAN. Your supply on that contract—has it expired, or did it only commence January 1?

Mr. HASTINGS. It commenced January 1. We were protected under our contract at \$2.10 up to the 1st of January, 1908.

The CHAIRMAN. At the time you were endeavoring to make a new contract last August, what information did you receive which would or did lead you to think then that there was a combination among the paper makers to raise the price?

Mr. HASTINGS. The quotations seemed to be so uniform, and the information that came to us was to the effect that the price would not go below \$2.35, and that it would probably be \$2.50, \$2.75, and even 3 cents; and about that time we got a report that New Bedford had made a contract at \$2.35, and that started us to looking around a little more.

Mr. STAFFORD. From what sources did you gain the impression that the price would go up to \$2.75 or \$3?

Mr. HASTINGS. Oh, the representatives of the paper mills; or the jobber from whom we buy.

Mr. STAFFORD. I did not know whether it was a general statement of the different agents or jobbers, or only one.

Mr. HASTINGS. From talking with other publishers we would get their impressions.

The CHAIRMAN. Did any of the paper solicitors tell you that the price would go up to \$3?

Mr. HASTINGS. No, sir; he did not say so in so many words. He said, as I remember it, that it would not probably be as low as \$2.35, and they were talking as high as 3 cents and \$2.75.

The CHAIRMAN. Did they give any reason for this?

Mr. HASTINGS. They intimated the shortage of paper, and increased cost of labor, and the shortage of wood pulp; and we told them that was an old story, and that we did not believe it. In 1905 we made a contract with the Berlin Mills Company for three years for 50 tons a month at \$2.20. That was in June, 1905, and they voluntarily reduced the price on that, the 27th of the same month, to \$2.05 from \$2.20.

Mr. MILLER. That was in 1905?

Mr. HASTINGS. Yes; for three years; and that would have carried us up to June, 1908. But the quality of the paper was such that we declined to send in further orders, and really we threw up the contract, because we got so much meal in the paper that we could not get good results.

The CHAIRMAN. Is that the reason they voluntarily reduced the price—because their paper was not up to the standard?

Mr. HASTINGS. I could not say that. We were having quite a good deal of trouble. No; I think not; that was the market price at the time, and at the same time we got a quotation from the jobbing house for a time at \$2.05.

Mr. STAFFORD. Have you correspondence showing complaints as to the poor quality of paper?

Mr. HASTINGS. Yes. They were under contract to furnish us with a certain quality of paper, and it did not come up to the contract, and we simply discontinued sending in any further orders, which

practically canceled the contract. Perhaps they could have held us to the contract, and possibly not.

Mr. STAFFORD. From what company did you have your last quotation at \$2.10?

Mr. HASTINGS. S. H. Shannon, of Boston, who is a jobber. The paper comes from Pejepscot.

The CHAIRMAN. You say you had a contract with the Berlin Mills for \$2.20?

Mr. HASTINGS. Yes, for three years.

The CHAIRMAN. And the price dropped to \$2.05, and you discontinued sending orders to the Berlin mills. Did you buy the paper from the market?

Mr. HASTINGS. We bought from the same jobber that we are buying of now, because his paper was of a more satisfactory quality.

The CHAIRMAN. And also the price is more satisfactory?

Mr. HASTINGS. We never would have kicked at the price. We would have carried out the contract to the letter. In fact, we could not have gotten out of it had they furnished us with the proper quality of paper.

The CHAIRMAN. There was no obligation in these contracts on the part of the newspaper men to take the paper if the price fell?

Mr. HASTINGS. Oh, yes, there is. There is no provision in that contract that I made for any reduction in price. They voluntarily reduced the price from \$2.20 to \$2.05, and we acknowledged the courtesy and wanted to continue with them; but we could not, on account of the quality. The quality of the paper itself was good enough, except that we got so much of this meal that we could not run it.

The CHAIRMAN. What do you mean by "you got so much of this meal?"

Mr. HASTINGS. It is a fine dust from the paper, either from the paper itself or from the dull knife that they split it with at the mill; and the fine dust from the paper gets into the rolls and gets on the ink.

The CHAIRMAN. Is that caused by the pulp, or by the filling that is put in it?

Mr. HASTINGS. I could not tell the cause. We had the paper manufacturers sweating blood about it for a time, and they did not know what was the matter. We certainly did not.

Shall I leave these contracts?

The CHAIRMAN. I do not think it is necessary to give them all.

Mr. HASTINGS. What I have left is simply an abstract.

The CHAIRMAN. All right.

STATEMENT OF MR. W. J. CRAWFORD, OF MEMPHIS, TENN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Crawford, will you give us your name, location, and paper?

Mr. CRAWFORD. I am president of the Commercial Publishing Company, which publishes the Commercial-Appeal, of Memphis, Tenn.

The CHAIRMAN. Now, Mr. Crawford, you know what we want. We want to get the prices of paper, and all information on the subject.

Mr. CRAWFORD. I just came to-day, and I do not know exactly what you want. I will answer, so far as I can, your interrogatories.

The CHAIRMAN. How long have you been connected with the Commercial-Appeal?

Mr. CRAWFORD. Since about twenty years ago.

The CHAIRMAN. How far back can you tell us with reference to the price of paper?

Mr. CRAWFORD. Very definitely for the last four or five years, and approximately for the last twenty years.

The CHAIRMAN. Do you remember about ten years ago about what the price of paper was?

Mr. CRAWFORD. I think we paid somewhere in the neighborhood of 2½ cents. That is my recollection about ten years ago.

The CHAIRMAN. That was the time when paper was pretty low. What price do you pay now?

Mr. CRAWFORD. Two dollars and sixty cents.

The CHAIRMAN. With what company?

Mr. CRAWFORD. With the Manufacturers' Paper Company.

The CHAIRMAN. When was that contract made?

Mr. CRAWFORD. The 1st of January, 1908.

The CHAIRMAN. This last January?

Mr. CRAWFORD. Yes, sir.

The CHAIRMAN. Is that delivered on the sidewalk, or in the press room?

Mr. CRAWFORD. On the sidewalk. I have been dealing with the Manufacturers' Paper Company for ten or twelve years, and I make my contracts for delivery on the sidewalk to avoid the trouble of freight rates and transfer rates, and to obviate the liability for any damage that may occur between the mill and my sidewalk, and the responsibility for it.

The CHAIRMAN. Have you any way of knowing what the freight rate is?

Mr. CRAWFORD. Only in a general way. It is 33 cents from the mills in Wisconsin to Memphis; that is approximately the rate.

The CHAIRMAN. Your paper comes from Wisconsin, then?

Mr. CRAWFORD. Not altogether. We have got some paper from Grand Rapids, Wis., and Grandfather Falls, and another place in Wisconsin, I think, and also from some eastern points.

The CHAIRMAN. Colonel, how much paper do you use in a year?

Mr. CRAWFORD. My contract this year is for 275 tons a month, with a leeway of 10 per cent.

The CHAIRMAN. What did you pay for paper last year?

Mr. CRAWFORD. Two cents, delivered on the sidewalk.

The CHAIRMAN. That was 1907?

Mr. CRAWFORD. Yes, sir.

The CHAIRMAN. Do you know what you paid previous to that?

Mr. CRAWFORD. I think it was \$2.12½, less 3 per cent for cash.

The CHAIRMAN. Do you recall what it was for 1905?

Mr. CRAWFORD. I can recall by looking at the contract.

The CHAIRMAN. If you will.

Mr. CRAWFORD. I have the contracts here for 1907 and 1908, which I can show you if you desire to see them. Here is the 1907 and 1908, showing one at 2 cents and the other at \$2.60

The CHAIRMAN. Both with the same company?

Mr. CRAWFORD. Both from the same company, and both delivered at the sidewalk. What year was that you inquired about, Mr. Chairman?

The CHAIRMAN. Give us the figures on any of the contracts you have there.

Mr. CRAWFORD. Under the contract which began on the 1st day of January, 1904, and ended on the 31st of December, 1904, we paid \$2.40, less 3 per cent for cash. For the year 1905 we paid—this was a special contract for magazine paper—we paid \$2.60 for that, less than 3 per cent.

The CHAIRMAN. That is a higher grade of paper?

Mr. CRAWFORD. Yes, sir.

The CHAIRMAN. Did you use that in your daily issue?

Mr. CRAWFORD. No, sir. We only used that for the comic section and for the magazine, and things of that sort. In 1905 we paid \$2.37½, less 3 per cent for cash.

Mr. MILLER. For 1906 you have the contract there. What is that?

Mr. CRAWFORD. That is 1907 and 1908.

Mr. MILLER. What was that?

Mr. CRAWFORD. That was \$2.

Mr. MILLER. What is the next?

Mr. CRAWFORD. This is 1908; that is this year. That is \$2.60.

Mr. SIMS. An advance of \$12 a ton?

Mr. CRAWFORD. Yes; 60 cents a hundred and \$12 a ton. I believe it is 33½ per cent advance. Didn't I give you the quotations there for 1906?

The CHAIRMAN. Yes. How far back do those contracts go?

Mr. CRAWFORD. These go back to 1904.

The CHAIRMAN. Have you the exact figures with you, back of that?

Mr. CRAWFORD. No, sir; I have not. I did not bring that with me. I did not think it was necessary.

Mr. SIMS. Colonel Crawford, what reason did the company assign for making an advance of \$12 a ton?

Mr. CRAWFORD. Last summer we wrote to the Manufacturers' Company asking for a quotation on paper, and they replied that they were not prepared at that time—it was in July or August—to make us a quotation, but said they would make one when I came to New York in September for the meeting of the American Newspaper Publishers' Association. I went on to that meeting and saw Mr. Fullerton, of the Manufacturers' Company, in the Park Row Building, and we had some talk and discussion about the matter, and he said that he was not prepared to give me a quotation then, but he thought that by the time I reached Chicago probably Mr. Brocklebank, who is the second vice-president of the company, would be able to give me a quotation. He advised me, however, there would be an advance, and a very sharp advance, and based it on the scarcity of timber, the fact that print paper was too cheap, that labor was higher, and that the demand was really in excess of the supply.

Mr. SIMS. Colonel, what evidence have you had, if any, of a combination or agreement among the paper makers as to quotations of prices, or anything affecting it?

Mr. CRAWFORD. None that I can swear to, Mr. Sims, only by inference or deduction from the fact that heretofore almost all these mills were very anxious to sell us because we were cash customers and last summer they would not give us any quotation. When I

went to New York they refused to give it, and I went over to Chicago and they still declined, and I wrote to several agents of the mills and asked for quotations, and practically got none, and then finally I wrote to several that I would close contracts about the 1st of November and asked them to make bids. I got a bid from four parties. There four parties, all in different localities, bid—I was paying 2 cents, delivered on the sidewalk—and the lowest bid was \$2.62 and the highest was \$2.69, so that you naturally infer from the unanimity with which they made this advance and the tenacity with which they held it that there must be a combination.

Mr. SIMS. Did the \$2.60 bid, being the lowest, come from the mill that usually supplied you?

Mr. CRAWFORD. Of the bids that I received at that time \$2.62 was the lowest.

Mr. SIMS. I see.

Mr. CRAWFORD. And we rejected all those bids. The board left it with me to make a contract at my discretion, and I afterwards arranged to make a contract with Mr. Brocklebank, who was the second vice-president of the Manufacturers' Paper Company, at \$2.60, a sidewalk delivery.

Mr. SIMS. Was that the same mill that had formerly supplied you?

Mr. CRAWFORD. Yes, sir; they had been supplying us for ten years; maybe twelve.

Mr. SIMS. And that advance was \$12?

Mr. CRAWFORD. Twelve dollars a ton. It made an advance to us on paper, taking wrapping paper, magazine paper, and the ordinary print paper, of between forty and fifty thousand dollars.

Mr. SIMS. On your company?

Mr. CRAWFORD. Yes, sir.

Mr. SIMS. Colonel Crawford, does your company have to bear that total loss, or have you been able to advance the price of your paper so as to pass part of it on to the consumer?

Mr. CRAWFORD. We are in a condition where, by the conditions, both local and general, we can not raise our subscription list nor our advertising list.

Mr. SIMS. So that the total loss of this advance falls on you?

Mr. CRAWFORD. Falls on the company. We estimate that our profits will be cut forty-five to fifty thousand dollars by reason of the advance of this print paper. We use about 4,000 tons a year.

Mr. BANNON. I would like to ask a question just to get the matter in my mind.

Mr. CRAWFORD. Certainly, sir.

Mr. BANNON. You have the contract price there for 1904, have you not?

Mr. CRAWFORD. Yes, sir.

Mr. BANNON. How much was that per ton?

Mr. CRAWFORD. I read it out there just now.

Mr. STAFFORD. It was \$2.40, as you stated.

Mr. CRAWFORD. Two dollars and forty cents, less 3 per cent per hundred; twenty times that for a ton.

Mr. BANNON. In 1905 what was the price per ton?

Mr. CRAWFORD. You gentlemen have the papers all over there.

Mr. STAFFORD. Two dollars and thirty-seven and one-half cents for print paper and \$2.60 for the magazine.

Mr. CRAWFORD. On all those contracts we got 3 per cent discount for cash.

Mr. BANNON. Then, in 1906, it went down to \$40 a ton, did it not?

Mr. CRAWFORD. You have the contracts there.

Mr. BANNON. Yes; 2 cents.

Mr. CRAWFORD. No; in 1907 it went 2 cents.

Mr. MILLER. Nineteen hundred and seven, 2 cents; 1906, \$2.60.

Mr. BANNON. Then, in 1908 it was up to \$52, so that the price of 1908 over 1904 is \$4 a ton, is it not?

Mr. CRAWFORD. You have the contract there; I do not know. Let me see the contract and I can tell you. It is this year \$12 a ton over what it was last year.

Mr. STAFFORD. Colonel, are you acquainted with the prices of wrapping paper and book paper, as well as print paper?

Mr. CRAWFORD. Not in a very accurate way; I know that we are paying a little more for wrapping paper, but I do not know anything about book paper.

Mr. STAFFORD. You are not in a position to testify as to the price on wrapping paper?

Mr. CRAWFORD. No, sir. I know there has been an advance in substantially all kinds of wrapping paper and print paper, book paper and magazine paper.

Mr. STAFFORD. Do you know whether there has been a corresponding advance in the other qualities of paper as in news-print paper?

Mr. CRAWFORD. No; I do not know that. There has been about relatively the same advance. I do not think it has been so heavy on wrapping paper, but it has been relatively the same in magazine paper, because many newspapers use that kind of paper, some papers altogether.

Mr. STAFFORD. Is there harmony in the advance and decline in the prices in the various kinds of paper?

Mr. CRAWFORD. I think so, sir. If a low grade of paper should advance, I would assume that other grades of paper would advance.

Mr. STAFFORD. Of course, the testimony discloses that some mills produce all kinds of paper, and then there are other mills given over to the manufacture of separate kinds of paper.

Mr. CRAWFORD. The value of all paper, however, is based very largely upon the raw material out of which it is made. If there is an advance there, there is an advance in all.

Mr. STAFFORD. So the publishers claim there is a combination, so far as there is news-print paper, that has artificially arranged prices, and there has been testimony presented in the case of manila fiber that there also exists a combination to control prices. I wish to get some information from you, if possible, as to your acquaintance with prices in other than news-print paper, if you have any.

Mr. CRAWFORD. There was some discussion in New York last September about the advance in manila paper, but really I know nothing about the advance. I have only to do with wrapping paper, news-print paper, and magazine paper.

Mr. STAFFORD. I assume the prices you have given as being the ones you have made have been the prices that prevail in your country and in your city?

Mr. CRAWFORD. I could not say about that. Some people have more facilities, approximately, at one town than they do at another, and some people buy for cash and some buy on time.

The CHAIRMAN. Judging by some of the testimony we have received you could not tell anyhow.

Mr. CRAWFORD. No; I could not. It is very hard to keep up with these paper manufacturers.

The CHAIRMAN. We find in some towns under the same circumstances the price very widely varies. Is that all, Colonel?

Mr. CRAWFORD. Yes, sir.

The CHAIRMAN. We are very much obliged to you.

Mr. Crawford submitted the following contracts:

Agreement made this fifteenth day of October, nineteen hundred and three, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereafter called the purchaser, party of the second part, witnesseseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of the Commercial Appeal, a newspaper published in the city of Memphis, one year's entire supply, estimated at twenty-four hundred (2,400) tons (with a leeway of ten per centum (10%) over or under in quantity) of paper per month during the period from January 1, 1904, to December 31, 1904, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz, 24 x 36, 32 to 33 pounds, 500; sizes to be 34 and 17½-inch rolls, and shall be delivered by the manufacturer to the purchaser at his sidewalk in Memphis.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and forty cents (\$2.40) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made in New York or Chicago exchange on the 10th of each month for all paper used the previous month; and when so paid a special discount of three per cent (3%) will be allowed.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes, during such period of disability.

Fifth. This contract shall commence on the first day of January, 1904, and shall terminate on the thirty-first day of December, 1904.

In witness whereof the parties hereto have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

MANUFACTURERS' PAPER COMPANY,
By FRED I. LAKE.

THE COMMERCIAL PUBLISHING CO.,
By J. W. HAYS, *Secretary and Treasurer.*

[SEAL.]

(Executed in duplicate.)

Agreement made this twenty-eighth day of September, nineteen hundred and four, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of all the editions of the Commercial Appeal, a newspaper published in the city of Memphis, two hundred (200) tons (with leeway of ten per centum (10%) over or under in quantity) of paper per month during the period from January 1st, 1905, to January 1st, 1906, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz, 24x36, 32 to 33 pounds, 500; sizes to be 34" and 17½" rolls, and shall be delivered by the manufacturer to the purchaser at his sidewalk in Memphis.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and thirty-seven and one-half cents (\$2.37½) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable.

Payment shall be made in New York or Chicago exchange on the tenth of each month for all paper used the previous month, and when so paid a special discount of three per cent (3%) will be allowed.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during such period of disability.

Fifth. This contract shall commence on the first day of January, 1905, and shall terminate on the first day of January, 1906.

In witness whereof the parties hereto have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

MANUFACTURERS' PAPER COMPANY,

By FRED I. LAKE.

THE COMMERCIAL PUBLISHING CO.,

By J. W. HAYS,

Secretary and Treasurer.

(Executed in duplicate.)

In consideration of contract made May 29, 1905, between the Manufacturers' Paper Co. and the Commercial Publishing Co., it is mutually agreed by both parties that the within contract shall expire July 1st, 1905.

It being agreed, however, by the Commercial Publishing Co. that all paper used in month of June shall be paid for at old contract rate of \$2.37½, less 3%.

MANUFACTURERS' PAPER CO.,

By FRED I. LAKE.

THE COMMERCIAL PUBLISHING CO.,

By J. W. HAYS,

Secretary and Treasurer.

Agreement made this twenty-ninth day of May, nineteen hundred and five, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part. Witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of all the editions of the Commercial-Appeal, a newspaper published in the city of Memphis, two hundred and twenty (220) tons (with leeway of ten per centum (10%) over or under in quantity) of paper per month during the period from July 1st, 1905, to January 1st, 1907, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz, 24 x 36, 32 to 33 pounds, 500; sizes to be 34" and 17 1/2" rolls, and shall be delivered by the manufacturer to the purchaser at his sidewalk in Memphis.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and twelve and one-half cents (\$2.12 1/2) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made net cash 30 days from date of invoice in New York or Chicago Exchange—i. e., on the 10th of each month for all paper used the previous month.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply or the purchaser shall be unable to take and use said paper in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any said causes, during such period of disability.

Fifth. This contract shall commence on the first day of July, 1905, and shall terminate on the first day of January, 1907.

In witness whereof the parties hereto have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

MANUFACTURERS' PAPER COMPANY,
By FRED I. LAKE.
THE COMMERCIAL PUBLISHING CO.,
By J. W. HAYS, *Secretary and Treasurer.*

[SEAL.]

(Executed in duplicate.)

Agreement made this eleventh day of July, nineteen hundred and six, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows; that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser and the purchaser hereby agrees to purchase and take from the manufacturer for use in the

publication of all the editions of the Commercial-Appeal, a newspaper published in the city of Memphis, two hundred and fifty (250) tons (with leeway of ten per centum (10%) over or under in quantity) of paper per month during the period from January 1st, 1907, to January 1st, 1908, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz: 24 x 36, 32 to 33 pounds to 500 sheets; sizes to be 34" and 17½" rolls, and shall be delivered by the manufacturer to the purchaser at his sidewalk in Memphis.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars (\$2.00) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made net cash 30 days from date of invoice in New York or Chicago exchange—i. e., on the 10th of each month for all paper used the previous month.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five cents per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper, upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during such period of disability.

Fifth. This contract shall commence on the first day of January, 1907, and shall terminate on the first day of January, 1908.

In witness whereof the parties hereto have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

MANUFACTURERS' PAPER COMPANY,
By FRED I. LAKE.
COMMERCIAL PUBLISHING CO.,
Per W. J. CRAWFORD, President.

[SEAL.]

(Signed in duplicate.)

Agreement made this second day of November, nineteen hundred and seven, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows; that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of all the editions of the Commercial Appeal, a newspaper published in the city of Memphis, two hundred and seventy-five (275) tons (with leeway of ten per centum (10%) over or under in quantity) of paper per month during the period from January 1, 1908, to December 31, 1908, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz: 24 x 36, 32 to 35 pounds, 500; sizes to be 33½", 34", and 17" rolls, and shall be delivered by the manufacturer to the purchaser at Memphis f. o. b. cars; cartage allowed at a rate not to exceed sixty (60¢) cents per ton.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and sixty cents (\$2.60) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made in New York or Chicago exchange on the tenth (10th) of each month for all paper used the previous month.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes, during such period of disability.

Fifth. This contract shall commence on the first day of January, 1908, and shall terminate on the 31st day of December, 1908.

In witness whereof the parties here to have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

MANUFACTURERS' PAPER COMPANY,
By J. BROCKLEBANK, *Second Vice-President.*
COMMERCIAL PUBLISHING COMPANY,
J. W. HAYS, *Secretary and Treasurer.*

Agreement made this 29th day of September, nineteen hundred and four, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and The Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of the magazine editions of the Commercial Appeal, a newspaper published in the city of Memphis, one car or twenty (20) tons (with leeway of ten per centum (10%) over or under in quantity) of paper every 60 days during the period from January 1st, 1905, to January 1st, 1906, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz, sizes to be 34" and 17 1/2" rolls and shall be delivered by the manufacturer to the purchaser at his sidewalk in Memphis.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and sixty cents (\$2.60) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made in New York or Chicago exchange on the 10th of each month for all paper used the previous month, and when so paid a special discount of three per cent (3%) will be allowed.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered

under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes, during such period of disability.

Fifth. This contract shall commence on the first day of January, 1906, and shall terminate on the first day of January, 1906.

In witness whereof the parties hereto have hereunto set their hands in the city of Memphis, State of Tennessee, the day and year first above written.

[SEAL.]

MANUFACTURERS' PAPER COMPANY,
By FRED I. LAKE.
THE COMMERCIAL PUBLISHING CO.,
By J. W. HUGH,
Secretary and Treasurer.

(Executed in duplicate.)

Agreement made this twenty-third day of July, nineteen hundred and six, between the Manufacturers' Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Commercial Publishing Company, a corporation organized under the laws of the State of Tennessee, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows; that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of the Commercial-Appeal, a newspaper published in the city of Memphis, Tenn., one (1) car or twenty (20) tons every sixty (60) days (with leeway of ten per centum (10%) over or under in quantity) of paper per — during the period from January 1, 1907, to January 1, 1908, at the price and upon the terms hereinafter particularly stated.

The said paper shall be of substantially the same average quality, John Edwards No. 1, as the sample attached to this contract and on the following basis of weight, viz: 24 x 36, 35 pounds to 500 sheets; sizes to be 34" and 17½" rolls, and shall be delivered by the manufacturer to the purchaser at his sidewalk.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement two dollars and twenty cents (\$2.20) per hundred pounds actual gross weight, including paper, wrapper, and twine, but excluding the weight of the cores. The basis of weight shall be the ordered weight, as hereinbefore provided, without reference to a production basis, but the paper is to be run as near to the ordered weight as practicable. Payment shall be made in New York or Chicago exchange on the tenth (10th) day of each month for all paper used the previous month.

Third. The manufacturer agrees to purchase from the purchaser, at seventy-five cents per one hundred pounds, such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery of paper upon receipt of a bill of lading by the manufacturer, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal of the manufacturer.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure

to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during such period of disability.

Fifth. This contract shall commence on the first day of January, 1907, and shall terminate on the first day of January, 1908.

In witness whereof the parties hereto have hereunto set their hands in the city of Chicago, State of Illinois; the day and year first above written.

MANUFACTURERS' PAPER Co.

J. C. BROCKLEBANK.

COMMERCIAL PUBLISHING COMPANY,

J. W. HUYK, *Secretary and Treasurer.*

[SEAL.]

ADDITIONAL STATEMENT OF MR. MILIE BUNNELL, OF DULUTH, MINN.

Mr. MILLER. Just before we adjourned at noon you made the remark that Mr. Weyerhaeuser controlled the price of lumber in the United States. What did you base that statement upon, Mr. Bunnell?

Mr. BUNNELL. Well, I based that statement on the fact that he is the largest producer of lumber in the United States, that he owns the largest amount of stumpage, and that he handles such a large percentage of the output that any price he puts on lumber fixes the price the other producers put on lumber, just as the price that the United States Steel Company puts on its products fixes the price of steel.

Mr. MILLER. That is all.

The CHAIRMAN. Is he responsible, then, for the great increase in the cost of timber products of all kinds?

Mr. BUNNELL. I should think he was very largely.

The CHAIRMAN. He beats the trust, then.

Mr. BUNNELL. He is a trust all by himself.

The CHAIRMAN. Well, with all due respect to the gentleman—where is he located?

Mr. BUNNELL. His home is in Minnesota.

The CHAIRMAN. I wondered if State pride did not enter into this a little bit.

Mr. BUNNELL. I presume it did.

(Mr. Bunnell submitted the following statement:)

STATEMENT OF A. C. WEISS, OF DULUTH, MINN.

I am, and for fourteen years have been, the publisher and active manager of the Duluth Printing and Publishing Company. Said company publishes at the city of Duluth, Minn., a daily newspaper known as the Duluth Evening Herald. Said paper has a circulation of about 15,000 copies daily, and consumes about 600 tons of news-print paper annually. I have had immediate charge of the making of contracts in behalf of said paper for its news-print paper during all of the times hereinafter mentioned.

Prior to the year 1900 there was active competition among the producers and manufacturers of news-print paper throughout the country. I was accustomed to purchase my paper from various mills in the Northwest. I purchased from the Dells Paper and Pulp Company, of Eau Claire, Wis.; the Flambeau Paper Company, of Park Falls, Wis.; the Hennepin Paper Company, of Little Falls, Minn., and the Northwest Paper Company, of Cloquet, Minn.

In the year 1899 I bought news-print paper from the Northwest Paper Company at the rate of \$1.75 per hundred pounds, less a cash discount of 3 per cent, delivered at Duluth.

Early in 1900 I was still purchasing paper from the Northwest Paper Company, and Mr. McNair, general manager of that company, began to tell me that paper was going up; he said that a combination was being or had been effected among the other paper manufacturers of the West, and that his mill was the only one which had not gone into the deal. He intimated that paper was going up to such an extent that I would probably have to pay him a price of about \$2.25. I concluded that McNair

was getting ready to take advantage of the abnormal situation resulting from the formation of the combination, and felt somewhat angry with him for taking such a stand. I accordingly came down to Minneapolis to see Mr. B. F. Nelson, the proprietor of the Hennepin Paper Company, located at Little Falls, Minn. Mr. Nelson was a personal friend of mine, and I told him I wanted to buy paper from him, if possible. After some negotiations Mr. Nelson, in behalf of the Hennepin Paper Company, agreed to furnish me paper for the year at the rate of \$2.25 per hundred pounds; there was a discount of 3 per cent for cash; the price made was for paper delivered at Duluth. When this contract with the Hennepin Paper Company expired in 1901, I went back to the Northwest Paper Company and made a contract with that company for the following year at \$1.87½ per hundred pounds delivered in Duluth; there was a discount of 3 per cent for cash. There was no effort made by Mr. Nelson or the Hennepin Paper Company to renew their contract with me, and I received no call from the General Paper Company's representatives. I looked around sufficiently to satisfy myself that all of the mills except the Northwest Paper Company were in the combination. McNair told me at about this time that great pressure was being brought to bear upon the Northwest Paper Company to go into the General Paper Company, and at any rate to keep the prices up whether they came in or not. He further gave me to understand that there was an understanding between the Northwest Paper Company and the General Paper Company, in accordance with which the former company was to have full control of the situation in Duluth; he said that the Northwest Paper Company proposed to treat its customers fairly, and not to charge exorbitant prices; the assumption on his part clearly was in his conversation with me that he had power to make higher prices to me if he chose.

Early in the spring of 1902 Mr. McNair came to me and said that the pressure upon his company to join the trust was becoming very hard to resist; he said that Mr. Weyerhaeuser, who owned a controlling interest in the Northwest Paper Company, was inclined to yield to this pressure. McNair said that he himself was standing out against it, and that he would inform me in advance if the company should decide to go in. About two weeks after this conversation he came to me again and stated that the Northwest Paper Company had joined the General Paper Company. I immediately proposed to McNair that he make a contract for the following year with me before his agreement with the General Paper Company took effect; McNair said he could not do this. He did tell me, however, that before joining the trust, and as a condition to the Northwest Paper Company joining in with the others, he and Mr. Weyerhaeuser had insisted that an understanding be arrived at by which the customers of the Northwest Paper Company should be protected against exorbitant prices. He concluded by saying that I would have to deal with the General Paper Company thereafter in making my contracts. The substance of his conversation along this line was that he was sorry for us and for his other customers with whom he had had satisfactory relations, but that his company saw no other course to pursue; that if the Northwest Paper Company did not go in it was likely to be annihilated by the General Paper Company. A little later Mr. McNair and Mr. Taylor, secretary of the Northwest Paper Company, brought Mr. Mendsen, the representative of the General Paper Company, to me and introduced him. I saw by this time that I was up against it and would have to deal with the General Paper Company on its own terms. After negotiating for a day and a half with Mendsen I finally closed a contract with him for the ensuing year at a price of \$2.07½ per hundred pounds at the mill; the freight rate was 5 cents extra per hundred pounds, and I was compelled to pay that, so that the paper cost me \$2.12½, less 3 per cent cash discount, delivered at Duluth. This contract ran until June 1, 1903. Shortly before its expiration Mendsen came to see me again; this time he laid before me for my signature a contract which raised my price to the extent of 7½ cents per hundred pounds, without any cash discount. I complained bitterly about the raise and refused to sign the contract at that time, as the actual increase in price and the abolishing of the cash discount made a net increase of 13½ cents per hundred. Mendsen advised me strongly to sign it, saying that if I did not the price might be raised still further. The contract was left with me all filled out for my signature. In the meantime I had been looking around, and had been informed that the Flambeau Paper Company, at Park Rapids, Wis., was running on an independent basis. I did not dare to write them a letter for fear the General Paper Company would get hold of it. Accordingly I went down to Park Falls ostensibly on a fishing excursion; while there I ran across Mr. E. D. Reynolds, the manager of the Flambeau Paper Company. I asked him whether the Flambeau Paper Company was in the trust, and he said that it was. I talked to him about the opportunity for opening an independent paper mill at Duluth, and he agreed that it would probably be a very profitable venture. He intimated to me that the profits of the Flambeau Paper Company were very great. I came back to Duluth and signed the contract which had been left with me by Mendsen. I saw no other course open to me.

About six weeks ago I made my contract for the coming year with the General Paper Company at the same price as in 1903. The conditions with respect to lack of competition were exactly the same, and I had no choice in the matter. The contract was made in Chicago; I happened to be in that city and stopped in at the General Paper Company's office. McNair had requested me to drop in and meet the General Paper Company's officials whenever I was in Chicago. Mr. Mendsen had an engagement at the time I called, and my dealings were with Mr. John A. Davis, the general sales agent of the company. I spent the entire afternoon with Davis and told him what I thought of his company in very plain terms; he did not deny that the company absolutely controlled the situation, and in fact stated to me that the company could charge me a much higher price if it desired to do so. I said to Davis: "I suppose I ought to be thankful that I am allowed to live; you might just as well charge me \$2.50, I suppose, if you chose." Davis replied, "Yes."

Before 1900 I never used to pay any attention to the matter of weight of paper which was furnished me; I know that it was not over 32 pounds for every 480 sheets, and usually was quite a little under that weight. Since my contracts have been with the General Paper Company my attention has been called to this question of weight in a very forcible manner. The contracts provided that the weight shall be 32 pounds for every 480 sheets, but there is a clause in fine print which apparently gives the company a leeway of 2 pounds either way. I am very sure the weight has never gone below 32 pounds, and I have had occasion to complain recently of the fact that the weight has exceeded 35 pounds per 480 sheets. The weight at present is averaging fully 33 pounds. A very slight increase in weight, of course, means a very large increase in the cost of the paper to us.

A. C. WEISS.

STATE OF MINNESOTA, County of St. Louis, ss:

On this 7th day of June, 1904, before me, a notary public in and for said county and State, personally appeared A. C. Weiss, to me personally known to be the person who signed the foregoing statement, and the said Weiss, being first duly sworn, did declare that the said statement, and the matters and things therein contained, are true.

[SEAL.]

A. J. FRANTZ,

Notary Public in and for St. Louis County, State of Minnesota.

STATEMENT OF MR. CHARLES F. DODD, BUSINESS MANAGER OF THE NEWARK EVENING NEWS, NEWARK, N. J.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Dodd, you have been in the room long enough to get a general idea of what we are trying to ascertain. Perhaps you can expedite it in your own way.

Mr. DODD. Yes, sir. As I understand it, you want to get at the present price and the previous prices that we were paying for paper.

The CHAIRMAN. And, if possible, the reason for the increase, if any.

Mr. DODD. I have the figures here that go back ten years. We used what we call a "cotton-waste paper," have used it previous years until this year.

The CHAIRMAN. Tell us what cotton-waste paper is?

Mr. DODD. Well, cotton-waste paper is supposed to be the better grade of a news paper known as "cotton-waste" and "wood-pulp" paper. There is wood pulp and cotton waste. We used to buy that paper of Wilder & Co. Our contract of April, 1889, the price was 2½, or \$42.50 a ton.

The CHAIRMAN. You mean \$0.0212½?

Mr. DODD. Yes, sir.

Mr. BANNON. That is 1889?

Mr. DODD. That is 1889. We had bought paper of the Wilder Company several years previous to that. In April, 1899, the International Paper Company had bought out the Wilder Company, so our contract begins with the International Paper Company on April 1, 1899.

The CHAIRMAN. I thought you said 1889.

Mr. DODD. No, 1899—no, 1898.

The CHAIRMAN. You meant before, then, not 1889, but 1898?

Mr. DODD. The first contract was 1898; yes, and this is 1899. Our contract for that year the price was \$2.15, or \$43 a ton.

The CHAIRMAN. That was for 1898?

Mr. DODD. That was for 1899. On April 1 our contract for 1900 was \$2.15, or \$43 a ton.

The CHAIRMAN. Is this all delivered?

Mr. DODD. All delivered; yes, sir.

The CHAIRMAN. On the sidewalk?

Mr. DODD. Yes, sir. On April 1, 1901, our contract called for 2,000 tons cotton-waste paper, \$2.40 a hundred, or \$48 a ton. On April 1, 1902, our contract was for 2,500 tons, and the price was \$2.25, or \$45 a ton. I also have the figures here, in round figures, of the amount of money we paid each year. Do you want that?

The CHAIRMAN. We would be very glad to have it.

Mr. DODD. Well, from April 1, 1901 to 1902, we paid them, in round figures, over \$123,000. From April 1, 1902, to April 1, 1903, we paid them, in round figures, over \$121,000. On April 1, 1903, we made a five-year contract, the price to be fixed at the first of each year.

The CHAIRMAN. That is, the price to be fixed prior to the first?

Mr. DODD. Yes.

The CHAIRMAN. Of each year, for the succeeding year?

Mr. DODD. For the succeeding year.

The CHAIRMAN. As a market price?

Mr. DODD. As a market price.

The CHAIRMAN. I suppose with the ordinary provisions?

Mr. DODD. That is right. Our contract from April 1, 1903, to April 1, 1904, was for 2,500 tons at \$2.40, or \$48 a ton. That year we paid them, in round figures, over \$130,000. On April 1, 1904, to April 1, 1905, our contract was for 3,000 tons, at \$2.40, or \$48 a ton, and that year we paid them, in round figures, over \$145,000.

This is all the International Paper Company, understand. From April 1, 1905, to April 1, 1906, our contract was for 3,000 tons; the price was \$2.40, or \$48 per ton. Then, about the 1st of October—supposed to be about the time that the pool had broken, prices of paper were supposed to be lower—I called upon the International Paper Company to see if we could get a better price on paper than we were paying at \$2.40. They voluntarily granted us a price at \$2.25, from October 10, 1905, to December 31, 1906. In that year we paid them, in round figures, over \$152,000. So, on January 1, 1907—you see that is the way it came to January, now, instead of April, they made that price from October 10, 1905, to December 31, 1906—so on January 31 the price agreed upon for that year, ending December 31, 1907, was \$2.35, a slight increase, or \$47 per ton. That year we paid them, in round figures, over \$181,000. Our contract for this year is for wood-pulp paper; the price that they quoted us for cotton-waste paper was \$2.75. We thought the price was so high that it forced us to go to the wood paper, and our contract price is \$2.50, or \$50 a ton, and it calls for 4,500 tons.

Mr. BANNON. Why is it that you have increased your supply about 50 per cent over the previous year? It was 3,000 tons before and now it is 4,500.

Mr. DODD. I can explain that to you. There is a paper, the Sunday Call, in Newark, that was buying their paper of the Berlin mills. We print their paper. They had a press that was not satisfactory and they returned their press and got their money back, and then made arrangements with us to print their paper on Saturday night. We have three sextuple presses, so that I also made arrangements with them, instead of their having a separate supply of paper come into our place every Saturday, the end of the week, that they would use our supply of paper, and that was understood when this contract was made for this year with the International Paper Company. That is the reason it was increased to 4,500 tons. Of course, with a leeway up to 4,950 tons.

Mr. BANNON. How much of that will they use?

Mr. DODD. Well, I think they use somewhere between 300 and 400 tons.

Mr. BANNON. Then the amount of paper consumed by you has increased from 2,000 tons in 1901 to 4,000 tons in 1908?

Mr. DODD. Yes, sir.

Mr. BANNON. In other words, it has doubled in seven years?

Mr. DODD. Yes, sir.

Mr. SIMS. What was the amount of advance this year on cotton waste?

Mr. DODD. Two dollars and fifty-five cents.

Mr. SIMS. I know, but what was the amount of the advance? I do not remember what you had paid last for it.

Mr. DODD. Two dollars and thirty-five cents.

Mr. SIMS. They ask you, then, an advance of 40 cents a hundred?

Mr. DODD. Forty cents a hundred. The year previous we paid \$2.25, two years ago; last year it was \$2.35, and this year they ask \$2.75.

Mr. SIMS. When was it that you say that the company voluntarily reduced the contract price?

Mr. DODD. On October 10, 1905.

Mr. SIMS. Was that after the dissolution of the pool you referred to?

Mr. DODD. Yes, sir; I understood the pool——

The CHAIRMAN. What pool do you have reference to?

Mr. DODD. There was supposed to be a pool——

The CHAIRMAN. That was prior to the dissolution of the General Paper Company?

Mr. DODD. It was a time when it was generally understood that the prices of paper had gone down.

Mr. SIMS. That the company had failed, or was what we call "bursting?"

Mr. DODD. Some of those. I did not, of course, refer to that, to the International Paper Company. I just went to them to ask them if we could get a reduction in the price of our paper, while we had agreed upon a price for that year.

Mr. SIMS. You sought the reduction yourself?

Mr. DODD. Yes, sir.

Mr. SIMS. And they conceded it?

Mr. DODD. Yes, sir.

Mr. SIMS. Did they assign any other reason for the reduction than the dissolution of this pool?

Mr. DODD. They did not assign any reason. I have their letter agreeing to make the price from December 1, 1905, and extended to

December 31, 1907, and that fixed the price for the next year. The 1st of January, you see we did not have—in January we had to agree on the price for next year again.

Mr. SIMS. At the time there was no other general cause for the decline in the price of paper except the dissolution of the combination?

Mr. DODD. As far as I know.

The CHAIRMAN. Are you quite certain about that? There was no dissolution of the combination at that time?

Mr. DODD. There was not any.

Mr. SIMS. Of the General Paper Company?

The CHAIRMAN. The General Paper Company was not dissolved until May, 1906, and the evidence before us all indicates that there was a fall in the price of paper in 1905.

Mr. DODD. That is it; I may be mistaken about that.

Mr. SIMS. Was not the suit to dissolve the General Paper Company commenced in 1905?

The CHAIRMAN. Commenced in 1904. Now, it may be there was some other combination; I will not say that there was not, or that that did not affect the price. Will you tell us, Mr. Dodd, a little more about the kind of paper? You formerly used cotton-waste paper, and your last contract called for pulp paper. That is ordinary—

Mr. DODD. What is known as the wood-pulp paper.

The CHAIRMAN. It is what is also known as the ordinary news-print paper?

Mr. DODD. Yes; that is right.

The CHAIRMAN. Now, this cotton-waste paper, that is a better quality of paper. Can you tell us, is that the kind of paper that the New York Evening Post, for instance, uses?

Mr. DODD. I think the New York Evening Post did use it.

The CHAIRMAN. That was just to get some notion.

Mr. DODD. The Brooklyn Eagle at one time used it, and the Washington Star at one time. There were only a few papers throughout the country that used what they called "cotton-waste paper."

The CHAIRMAN. The Washington Star did, until recently, use a better quality of paper. I am not sure that it does now.

Mr. DODD. I could not say what they are using now.

The CHAIRMAN. I noticed that the amount of paper that you used has increased from 2,000 tons ten years ago to 4,000 tons now.

Mr. DODD. Yes, sir.

The CHAIRMAN. Will you tell us, is that increase caused by an increase in circulation—

Mr. DODD. Yes, sir.

The CHAIRMAN (continuing). Or by an increase in the amount of paper used in this single company?

Mr. DODD. It is caused by the increase in circulation, and also by the increase in the number of pages.

The CHAIRMAN. That is what I wanted to get at.

Mr. DODD. Our business has increased so that we have increased the number of pages of the paper.

The CHAIRMAN. You have had a prosperous business?

Mr. DODD. Yes, sir.

The CHAIRMAN. For which we are all thankful. How much of this has increased in the size of the paper? Can you give us any idea of that?

Mr. DODD. Well, I do not know as I could tell you just exactly.

The CHAIRMAN. Oh, well, as near as you can. Do you increase the number of pages?

Mr. DODD. Yes. The advertising would force us to increase the number of pages. Some days we run, for instance, 16, 18 pages; some days we run as high as 28 pages.

The CHAIRMAN. Is the increase in the size caused mainly by the advertising?

Mr. DODD. Yes, sir; by the advertising. We do not allow the advertising to crowd out the reading matter of the paper.

The CHAIRMAN. I understand.

Mr. DODD. If we have so much advertising, we use so many more pages.

Mr. STAFFORD. What method was followed under your five-year contract in arriving at the yearly rate?

Mr. DODD. Just simply an understanding at the first of each year that the International Paper Company would fix the price for the following year, beginning the 1st of April.

Mr. STAFFORD. It was left with the company to fix the price at their own will? Was a maximum price fixed above which they could not make a rate?

Mr. DODD (reading):

The quality of the paper to be taken by the publishers from the manufacturers during the years from April 1, 1903, to April 1, 1908, as heretofore agreed, shall be determined December 1 of each year for the following year.

Mr. STAFFORD. That does not say by whom it was to be determined.

Mr. DODD. By them; it is their contract.

Mr. STAFFORD. It is not only their contract, but it is your contract.

Mr. DODD. I mean as far as their determining—

Mr. STAFFORD. Perhaps the construction of that would have to be determined by both of the contracting parties, because neither party can alter or change a contract without the consent of the other.

Mr. DODD. Yes.

The CHAIRMAN. Very well, Mr. Dodd.

Mr. DODD. Did you want to see these contracts?

The CHAIRMAN. You have got a memorandum there; I think that will answer the purpose.

Mr. DODD. I think that covers everything there. And I might say that when we made a contract with the International Paper Company for this year they assured me that they would not make a contract with any other paper for less than \$2.50, or, in other words, sort of guaranteeing me that I was getting a contract as low as anybody else.

The CHAIRMAN. Are you satisfied with that assurance?

Mr. DODD. I do not know whether it is so or not.

The CHAIRMAN. I would advise you to read all these hearings.

Mr. STAFFORD. Have you ever made any efforts, in the determination of these contracts, to get that supply from other companies?

Mr. DODD. No, sir; we have always had all our dealings with the International Paper Company since they bought out the Wilder Company, about ten years ago. We have never negotiated with any other paper manufacturers.

The CHAIRMAN. We are very much obliged to you, Mr. Dodd.

(The memorandum referred to, offered by Mr. Dodd, is as follows:)

Contract made with Wilder & Co., April, 1898, for cotton waste, at 2½ cents per pound or \$42.50 per ton.

Contracts with International Paper Company, April 1, 1899, cotton waste, at \$2.15 per hundredweight or \$43 per ton; April 1, 1900, cotton waste, at \$2.15 per hundredweight or \$43 per ton.

Contracts with International Paper Company, April 1, 1901, to April 1, 1902, 2,000 tons, cotton waste, \$2.40 per hundredweight or \$48 per ton; paid over \$123,000. April 1, 1902, to April 1, 1903, 2,500 tons, cotton waste, \$2.25 per hundredweight or \$45 per ton; paid over \$121,000. April 1, 1903, to April 1, 1904, 2,500 tons, cotton waste, \$2.40 per hundredweight or \$48 per ton; paid over \$130,000. April 1, 1904, to April 1, 1905, 3,000 tons, cotton waste, \$2.40 per hundredweight or \$48 per ton; paid over \$145,000. April 1, 1905, to April 1, 1906, 3,000 tons, cotton waste, \$2.40 per hundredweight or \$48 per ton. October 10, 1905, to December 31, 1906 (new contract), 3,000 tons, cotton waste, \$2.25 per hundredweight or \$45 per ton; paid over \$152,000. January 1, 1907, to December 31, 1907, cotton waste, \$2.35 per hundredweight or \$47 per ton; paid over \$181,000. January 1, 1908, to December 31, 1908, 4,500 tons, wood pulp, \$2.50 per hundredweight or \$50 per ton; estimated, \$200,000. (The cost of cotton-waste paper this year would be \$2.75 per hundredweight.)

STATEMENT OF MR. FRANK B. NOYES, EDITOR OF THE CHICAGO RECORD-HERALD AND PRESIDENT OF THE ASSOCIATED PRESS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. I suppose that the Associated Press, as a press association, has no interest in this proposition.

Mr. NOYES. No, sir. The only relation that the Associated Press had with the matter at all, I think, was by a voluntary expression of members at a meeting held for other purposes, through which it was transmitted.

The CHAIRMAN. Of course, all the members of the Associated Press naturally do have an interest—

Mr. NOYES. Have their interest in their relation to the Associated Press, and some men have an interest in the American Publishers' Association.

The CHAIRMAN. The Associated Press is merely a distributing association for the benefit of its own members.

Mr. NOYES. A mutual organization. I do not know whether you want any light on it, but you were asking a question about cotton-waste paper.

The CHAIRMAN. Yes; I would be glad to have any information.

Mr. NOYES. The fiber that binds the paper together used to be made of cotton waste or rag. As the use of sulphite came in and was substituted—that is, the paper holding the wood pulp together, the ordinary ground-pulp together—for a long while the sulphite paper was regarded as inferior to the cotton waste, and a number of papers used it at a larger expense, among them the Newark paper, the Evening Post, and the Washington Star. It ran from a quarter of a cent a pound upward more than sulphite paper. The sulphite paper has improved in grade very much, and the Star now uses the sulphite paper, although made, I think, at the same mill that the cotton-waste paper was made previously.

The CHAIRMAN. Is the paper now used by the Washington Star of the same quality, or slightly better quality, than the ordinary print paper?

Mr. NOYES. I would say that it was better quality in that it is made at the same mill that had made this other paper. It is made slower, that is the probability. The Wilder mill or the Montague mills—these cotton-waste mills—did not have the large, very fast machines, and the Star always used a little heavier paper, which makes a very considerable difference in the appearance, although the quality is not different, and I imagine, while I have not had any immediate connection with the purchase of the paper for the Star for some time, that the paper must be run slower, making a better, close paper.

The CHAIRMAN. But it always seems to me, in handling the Star, that it is a little better quality of paper than the ordinary newspaper, and I do not know whether it was imagination, bias, or fact.

Mr. NOYES. I think, as a matter of fact, though, that the price that they paid for it, after they went to sulphite paper, is the same as the other papers paid.

The CHAIRMAN. There may be a difference caused by the difference—

Mr. NOYES. In the weight.

The CHAIRMAN (continuing). In the machinery?

Mr. NOYES. Oh, yes.

The CHAIRMAN. I suppose they may still buy paper of the company that has the old machines?

Mr. NOYES. They buy from the International Paper Company, but it was made by the Wilder or the Montague mills, which made the cotton-waste paper, and we used to think it was a better, close paper, but I think the material difference is in the weight of the paper.

The CHAIRMAN. Now, Mr. Noyes, will you tell us about your own experience with paper prices?

Mr. NOYES. In Chicago?

The CHAIRMAN. Yes.

Mr. NOYES. First, I want to say that when I found what was being asked when I got here to-day, I telephoned over to New York to ask Mr. Waller, the sales manager—I do not know what his title is, but he is in high authority in the sales department of the International Paper Company—to release me from the obligation of confidence that had been imposed at the time the contracts were made. He said that, of course, he could not ask me to refrain from giving this committee any information that I had, but he would very much like it if I could give it to the committee in executive session.

The CHAIRMAN. Well, you heard what took place here to-day?

Mr. NOYES. I so told him, but I told him that I would at least make the request.

The CHAIRMAN. We can not take secret information.

Mr. NOYES. I understand; I was simply transmitting something from Mr. Waller.

The CHAIRMAN. And Mr. Waller will discover that we will not take any secret information from him.

Mr. NOYES. I am very sure that, as far as I am concerned, I do not think there should be secret information.

My connection in Chicago began in 1901. I have with me only the last contract made on December 5, 1904, which was a five-year contract, but which was canceled at the end of the first year, and another contract substituted for it running from January 1, 1906, to Decem-

ber 31, 1909. We have two years to run yet on a contract made two years from the 1st of January past and on a contract that had run two years before that, so we have not been subjected to the vicissitudes of the situation of the last year to the full extent.

The CHAIRMAN. I do not quite get the history of the time of the contract yet; that is my fault.

Mr. NOYES. I was vague, perhaps. On December 5, 1904, we made a contract—

The CHAIRMAN. But you commenced back of that.

Mr. NOYES. But I haven't it here.

The CHAIRMAN. No; but you can tell us about it back of that.

Mr. NOYES. Back of that, the price, my recollection is, was about \$1.90. We had a five-year contract back of that. That was subject to adjustment each year, on the market of each year, with a limit above which we did not go and a limit below which we did not go, a maximum and a minimum. My recollection is that we never went as high as 2 cents, and I do not recollect of us going over \$1.95 between 1901 and in 1904. It may possibly have gone to 2 cents, but I do not remember of it going over that. In 1904 we made a contract of the general nature that Mr. Norris explained—that is, a contract on which we paid a profit on the cost of production and delivery; we paid them a profit of \$6.50 a ton.

The CHAIRMAN. That was over the cost of production and delivery?

Mr. NOYES. Yes; they were entitled to a profit of \$6.50 a ton.

The CHAIRMAN. Have you that contract with you?

Mr. NOYES. Yes, sir.

The CHAIRMAN. Will you give us that to go in the record?

Mr. NOYES. I want these contracts to be very carefully preserved, Mr. Mann, because one of them is saving us a very large amount of money.

The CHAIRMAN. I do not think there is any possibility of losing them.

Mr. NOYES. I can supply you with copies.

The CHAIRMAN. You can give us copies, or we will return these to you.

Mr. NOYES. Perhaps I had better finish with this contract before we leave it.

The CHAIRMAN. Yes.

Mr. NOYES. This contract we paid at the rate of 2 cents a pound. The adjustment was to be made each three months, as I recollect it. Mr. Norris explained his contract. It was to be adjusted each three months on a basis of a profit of \$6.50 a ton to the company. At the time it was made it was made by Mr. Chisholm, who was then the president of the company, and Mr. Waller was with him, and they indicated that we were going to get paper very cheap under this contract, that we would get it at a very low rate. We were paying at the rate of 2 cents during the year, as the statements came in. The first year it was slightly over 2 cents. The explanation was given that they had been under some extraordinary expense that made it run higher than they had calculated on it running, but they made no calls for a settlement. They said, "Just let it stand at 2 cents." It ran on each time for some reason or other, being higher than they had anticipated, and indicated that it would be. That being the case—when

I say "us" I mean the Chicago News and the Chicago Record-Herald; we make a joint contract, using a joint press room.

The CHAIRMAN. You did, at that time?

Mr. NOYES. We always have, since there has been a Record-Herald. We have a joint press room, and we make a joint contract for paper that we use in common.

The agreement was not satisfactory to us in that we did not feel like going into an audit of the books of the International Paper Company. The New York American, the Hearst papers, had a similar contract, so far as I know, at the time. The Hearst paper, the News, and the Record-Herald were the only papers having a contract of this character. The Hearst people indicated to me that they had had difficulty in properly auditing; that they had made an attempt to audit. There were a great many questions that would be the subject of controversy, whether it should be charged in or should not be charged in, at what price wood should be charged, whether the price that a subsidiary company charges the International Paper Company or whether the actual cost of the wood; so we concluded that, all things considered, it was not a satisfactory arrangement to us, and on their suggestion, as I remember it, we canceled this contract and made a new contract that ran from January 1, 1906, the year following, until December 31, 1909.

The CHAIRMAN. When was this other contract entered into?

Mr. NOYES. December 5, 1904; it was for the year 1905.

The CHAIRMAN. I thought you were talking about the previous contract, the contract that was in existence when you went to the Record-Herald.

Mr. NOYES. No; I passed that over some time ago. That is obtainable, the other contract, without any trouble; but I haven't it here.

The CHAIRMAN. I thought you were talking about that.

Mr. NOYES. No, this was the contract I was talking about, the 1904 contract. This was for five years, from the 1st of January, 1905. That was on this profit—this basis of a guaranteed profit.

The CHAIRMAN. I understand.

Mr. NOYES. And that we agreed mutually, the company and the News and the Record-Herald, to cancel and to make a contract on the lines of our former contract. That is the contract that we are now working under, that contract we started out the first year at \$2, less 1½ for cash. There is a provision here that I do not know how binding it would be; it was designed to be a "favored nation" clause, but as to how far it is a "favored nation" clause I do not know. [Reads:]

If during the years 1906, 1907, 1908, and 1909 the International Paper Company furnishes paper to other consumers at a net price less than it costs under this contract to the parties of the second part, the parties of the second part shall be entitled to demand such lower price during the period of its duration, and the party of the first part may either accept such lower price or cancel this contract at its option on giving six months' notice in writing, the price to be charged during the period of notice to be the contract price at that time prevailing.

The basis under which the charge was to be made on following years was to be on the market price, and in case of a disagreement the market price to be arbitrated, with this proviso, that it should not fall below \$1.90, and it should not go above \$2.10.

The CHAIRMAN. That is news to Mr. McCormick. [Laughter.]

Mr. NOYES. So I gather. [Continued laughter.] In the year 1907 the price was \$2.05, made \$2.05 to us less 1½. All of these are subject to 1½ discount for cash; all the prices. This year they made it the limit that they could under the contract, \$2.10. We buy other paper. I buy green paper that they charge us \$2.50 for. I am trying to just sketch this situation as that, as far as our condition may bear on it, it may be of such help as it can. The green paper we use in the sporting edition. Originally there was a differential made of 10 cents a hundred. That is, if the price of white print paper was 2 cents, the price of the green was \$2.10. That was the arrangement at the start.

That was a separate contract from this altogether, and was not made on the basis of renewals or anything of that kind. It was a one-year contract. I think the first one was a two-year contract, but it was not under this other agreement, so they advanced the differential last year, I think, and charged us \$2.20. This year they charged us \$2.50 for that paper. Either last summer or fall—it was at the time when there was this anticipated stringency in paper, that there was going to be this shortage in paper—it was suggested to us that we had better protect ourselves, if we could, against any untoward happenings, and get some paper in the market. The suggestion came from the International Paper Company. They suggested that we should get 500 tons, if we could, and that they would stand an increase of \$5 a ton if we could buy any paper at that time.

Mr. STAFFORD. What character of paper, green?

Mr. NOYES. No; ordinary print.

The CHAIRMAN. To have extra stock-on had?

Mr. NOYES. There were strikes, you know. We had had a great deal of trouble in Chicago at one time or another through fear of paper famine, either through the failure of the mills to deliver on account of short water, or such reasons as they might have, or through tie up in transportation. At any rate we went on the market and bought 1,000 tons of paper and paid \$2.40 cash for it. That is the only time we have been on the market for print paper, and before that we paid \$2.45.

The CHAIRMAN. How much of that was chargeable against the International Paper Company?

Mr. NOYES. I think, as a matter of fact, the International Paper Company has recognized its obligation as to the 500 tons that they suggested that we buy, and while they paid \$5 a ton, I have no question but that they will pay the full advance we had to pay on the 500 tons. The other 500 tons was not bought through suggestion of theirs. We were having heart disease over whether we were going to have paper or not.

The CHAIRMAN. I suppose it is true—this seems to be an example of it—that last fall and summer everybody who knew anything about the subject got pretty badly frightened about the price of paper?

Mr. NOYES. It was a psychological condition, Mr. Mann. Every paper man that I talked with—Mr. Chisholm told me two years ago, before that, that the price of paper was going up very certainly, and in recommending the advantage of this \$6.50 a ton profit arrangement to us, that the price was going to be increased on paper.

Mr. STAFFORD. Was that before you went into the contract with him?

Mr. NOYES. Oh, yes; that was one of the reasons, and it was regarded, and I think that he regarded it, as a very distinct concession that he was making to us, to make that contract at that time. At least he said that he would only make it to the two largest users that he had. Everybody last summer—nobody could get paper quotations; nobody was quoting paper. Every paper salesman, every newspaper man that you saw, had the understanding that the price of paper was to be jacked up. It did not make any difference whether he was dealing for the Manufacturers' Paper Company or the International Paper Company or the Wisconsin mills, or wherever he was, it was in the air that the price was going up. It was so that in September there was a special meeting held of the Association of American Publishers at the time of the Associated Press meeting, in order to consider the seriousness of that situation, that nobody could get quotations on paper, and the understanding was that paper was to go to \$2.50 for 1908, and 3 cents later. Every man was telling every other man that at that time.

The CHAIRMAN. Now, in your own opinion, was that view due wholly to a combination among the manufacturers to artificially advance the price, or was it at least in part owing to their own belief that there would be a scarcity of paper?

Mr. NOYES. The scarcity of paper had passed, so far as I know. There was not a question of scarcity of paper at that time. This was for contracts that were expiring in January. You are not anticipating a scarcity six months in advance, so far as I know. As to that immediate condition, they were carrying out their contracts. Most of the contracts expired in January. People during the summer were trying to renew their contracts and bargain some time ahead, and they could not bargain with anybody.

The CHAIRMAN. I mean a scarcity of paper in the future. Were the manufacturers endeavoring in any way to urge the newspaper publishers to curtail their output and their use of paper?

Mr. NOYES. At one time early in the summer they were urging the large users, I think, to curtail their output.

The CHAIRMAN. Do you think there was any genuine belief on their part that there might be a scarcity of paper owing to the increased cost of wood pulp, or whatever it was, or the lack of wood pulp?

Mr. NOYES. What time? During the last summer?

The CHAIRMAN. Yes.

Mr. NOYES. I think certainly that endeavor was made to impress everyone, but I can not say as to what the foundation was for it, that there was a scarcity of paper last summer. They impressed us enough to make us buy a thousand tons of paper at \$2.45.

The CHAIRMAN. What I wanted to get at was your judgment—

Mr. NOYES. It was not as applying to a man's contract that expired six months ahead; that was a condition as to low water and as to trouble that occurred right then, as to the production of paper, not as to a man's contract, running out six months ahead, and he could get no quotation whatever.

The CHAIRMAN. What I wanted to get was your opinion as to whether the talk of all the paper manufacturers and their representatives that paper was going to be hard to get, which talk was apparently indulged in quite generously, that was merely artificial on their part,

for the purpose of frightening the newspaper publishers, or whether it was sincere on their part.

Mr. NOYES. I would not pretend to be able to answer that, Mr. Mann.

The CHAIRMAN. If it did not make a decided impression on you, you would not want to answer it, but I did not know but what it might have. Your contract runs from when?

Mr. NOYES. It runs for two years from the 1st of January; it runs to December 31, 1909.

The CHAIRMAN. Was it commenced in 1906?

Mr. NOYES. Commenced January 1, 1906.

The CHAIRMAN. Was that for five years?

Mr. NOYES. For four years. It was to fill out the four-year term of the five-year contract that we made.

The CHAIRMAN. Then the utmost you can be asked to pay under that is \$2.10, with 1½ off?

Mr. NOYES. Yes.

The CHAIRMAN. Delivered on the sidewalk?

Mr. NOYES. Yes.

The CHAIRMAN. What is the amount of paper you use?

Mr. NOYES. We use paper in two forms. Now, I am not speaking of the News, I am speaking of the Record-Herald alone. We use a book paper for the Sunday magazine and the two qualities of news, the green and the white. Of the green and white paper we use approximately 11,000 tons, maybe a few tons over or a few tons less, but last year it was just about 11,000 tons.

The CHAIRMAN. That is, of the ordinary news?

Mr. NOYES. Of the ordinary news. Then we use of the book paper about \$100,000 worth. I do not carry that in tons; I carry it in dollars.

The CHAIRMAN. How much of the green paper do you use; have you any idea?

Mr. NOYES. I do not carry it as a separate item; it is not a very large item, because in the Sunday paper it is four pages of the entire paper, and that is all we use it for; we do not use it in the daily.

The CHAIRMAN. How much paper do you get under the contract for both the Record-Herald and the News?

Mr. NOYES. The contract is from 25,000 to 35,000 tons per annum. The book paper that we use in the Sunday Magazine we have been paying \$3.75 for, but we raised to \$4, an increase of less than 7 per cent.

The CHAIRMAN. An increase of 25 cents a hundred?

Mr. NOYES. Yes; 25 cents a hundred on paper that cost \$3.75 before, about 7 per cent, a little less than 7 per cent.

Mr. SIMS. Then the consumption is not less than 25,000 tons, but may go to 30,000?

Mr. NOYES. Now, Mr. Sims, I can not tell you about that. I have told you what our consumption was; it was 11,000 tons last year.

Mr. SIMS. I mean both papers?

Mr. NOYES. I do not know. All I know is that the contract says from 25,000 to 35,000. I do not really know how much the Daily News uses. It was not a matter of curiosity with me.

Mr. SIMS. Your contract, then, as I understand, is perhaps one of the largest ever carried by the International Paper Company?

Mr. NOYES. The joint contract is certainly one of the largest; yes.

Mr. SIMS. Mr. Noyes, what would be your judgment of the effect of the repeal of the duty on wood pulp and print paper on the prices of the combination?

Mr. NOYES. I should say that unquestionably it would lessen the price.

Mr. SIMS. The full extent, or more than the amount of the duty?

Mr. NOYES. I should think, eventually, more.

Mr. SIMS. It would immediately affect the price to the extent of the duty, and eventually result in greater reduction than the gross amount of the duty, in your judgment?

Mr. NOYES. In my judgment, it would eventually amount to more. As to whether it would immediately amount to the full amount, I am not clear.

Mr. STAFFORD. Upon what do you base your opinion that the removal of the duty on print paper would result in a reduction in the tariff?

Mr. NOYES. I think that it would throw open such an immense amount of land, of wood, over there that could not be controlled as the timber lands here are controlled now.

Mr. STAFFORD. Are not the vast timber lands of Canada to-day, outside of those two provinces, Quebec and Ontario, where they have levied a higher charge on wood, used in the manufacture in the provinces as that used outside of the provinces, available to the American manufacturers?

Mr. NOYES. Is it available now, you say?

Mr. STAFFORD. Yes; large tracts. Are not the large tracts outside of those two provinces, where a special rule is in force, now available to American pulp and paper manufacturers?

Mr. NOYES. Yes.

Mr. STAFFORD. Then why do you say that the effect of the removal of the tariff would produce more than the present tariff rate? I am trying to find out the reason, because, as business men, we wish to know your views so that we can use them in deciding on this question.

Mr. NOYES. I think that the removal of the tariff, the access to the raw material, will make easy the building of other mills in the United States located conveniently to the newspapers.

Mr. STAFFORD. We have that access to-day, Mr. Noyes.

Mr. NOYES. We do not have for the pulp.

Mr. STAFFORD. And it has been represented here by a person who impressed the committee very favorably that if the duty on wood pulp was taken off, on wood pulp and print paper, that the tendency would inevitably be that the American paper mills would have to change to the source of the supply of the raw material, which is Canada, and it would result in a discontinuance of the American paper mills in this country, especially the wood-pulp mills.

Mr. NOYES. The wood pulp is a mill that is run by water power; the essential thing in grinding wood is the cheap power that you can get from water. The manufacture of paper and the manufacture of sulphite, where the elements of coal and of machinery enter, could be done on this side. In other words, the grinding of wood to a pulp can be done only profitably where you can get to a water power. That is not done by anything except the grinding of stones. Take, for instance, Chicago. If we could bring in wood pulp into Chicago

and use the cheap coal of Chicago to manufacture that pulp into paper, having access to the Canadian forests in that way, we would get, I think—that is what I base my judgment on—more than the difference in duty; that there would be a number of paper mills started up here that would not have the community of interest that the present outfit has.

Mr. STAFFORD. So that if the duty was removed on wood pulp, you believe that that alone would result ultimately in a reduction in the price of print paper, because numerous paper mills would be established by means of having access to a new supply?

Mr. NOYES. No; I mean there would be the potential paper mill that would be started. Nobody could tell the New York World, or the New York Times, or the Chicago News or Record-Herald what they had to do if all that was necessary to do was to set up a paper machine somewhere. There would be the potential competition that need not necessarily come into existence at all, and would have a very disturbing effect on the paper market.

Mr. STAFFORD. As far as the plant of the Kansas City Star is concerned, that potentiality has been realized?

Mr. NOYES. On Canadian pulp, I think.

Mr. STAFFORD. Your opinion as to the effect of the removal of the duty is predicated upon the policy of the Canadian government in not levying any export duty on logs or on wood pulp?

Mr. NOYES. I suppose, if there was a countervailing duty from everywhere that they had wood pulp, from Norway also, from everywhere that there was any source of supply, that the abolition of the duties in this country would not make any difference.

Mr. STAFFORD. Have you ever considered the feasibility of the publishers establishing a news-print paper establishment?

Mr. NOYES. Oh, yes.

Mr. STAFFORD. Can you state any reasons why publishers have not entered into that project?

Mr. NOYES. I suppose each newspaper—I assume that the general reason that publishers have not, the reason I have experienced in discussing the matter with them, is that it is a different trade, and the man feels that he has enough to do in handling his own trade. I have known publishers who felt that they would take a chance at that, and who have invested money in paper mills.

Mr. STAFFORD. Who have?

Mr. NOYES. Yes, sir.

Mr. STAFFORD. Has it been profitable from a business standpoint?

Mr. NOYES. As far as the particular instance that I have in mind, they are not manufacturing news paper as yet.

Mr. STAFFORD. Do you know anything about the success of the Kansas City Star establishment?

Mr. NOYES. No; I do not.

Mr. STAFFORD. Have you had any other negotiations with any print-paper manufacturers other than the International Paper Company?

Mr. NOYES. Yes; I have had negotiations—you mean in the course of my newspaper experience?

Mr. STAFFORD. Yes; your experience as a newspaper man and publisher.

Mr. NOYES. My experience as a newspaper man runs very far back of the International Paper Company. I have dealt with a great many individual paper mills prior to the time of the International Paper Company.

Mr. STAFFORD. Say, during the last twelve years, have you had any dealings with other print-paper manufacturers?

Mr. NOYES. At the time this contract was made, for instance, this contract I have spoken of, this guaranteed profit of \$6.50 per ton, I had negotiations then, I remember, with Mr. Davis—John Davis. I have always found, since I have been in Chicago, that after I had made my contract, at the time I was not so that I could buy paper, that I could negotiate very much easier than at the time my contract expired. There was always some reason why there could not be the quotation given me at the time that I had to close the matter up, and that was so with Mr. Davis at that time. Mr. Davis thought that he could arrange it and thought he could get me a satisfactory price, and went along with me, but in the end, at the time we made this contract in 1904, he thought it would be safer for me not to depend on him any longer.

Mr. STAFFORD. Was Mr. Davis acting in any representative capacity for any mill at that time?

Mr. NOYES. Yes. I do not know whether they called it the General Paper Company or not at that time, but it was that aggregation of mills; whether it was formerly called that in 1904 or not I do not remember. I guess it was.

Mr. STAFFORD. So you favor, as to the tariff, the removal of the duty on wood pulp, believing that if Canada would not levy any export duty that the pulp could be introduced in this country at a sufficiently low price to have a potential value, to deter American print-paper manufacturers from making an artificial price to the publishers?

Mr. NOYES. Yes, sir.

Mr. STAFFORD. Then your opinion does not extend to the advisability of removing the duty on print paper itself?

Mr. NOYES. Oh, yes.

Mr. STAFFORD. Why do you advise taking off the duty on print paper if the duty on wood pulp would have that effect?

Mr. NOYES. Because you have one remedy, or one help, I know of no reason you should not have two if each of them is effective.

Mr. STAFFORD. If the removal of the duty on print paper would give the Canadian manufacturer, because of proximity to the local forests, an advantage over the American manufacturers, would you still believe that we should adopt the policy of handicapping the American manufacturer of print paper and give that advantage to the Canadian manufacturer, if we could provide by the removal of the duty on wood pulp that the American publisher would be protected from any hold-up price on the part of any combination?

Mr. NOYES. That is a good deal like a hypothetical question.

Mr. STAFFORD. It is predicated upon some testimony that was given this morning from a newspaper publisher who seemed to be very well acquainted with the conditions.

Mr. NOYES. I did not hear the testimony, and I am not familiar with that, and if you have asked me my opinion, it is based on my own experience, and also on the fact that I have never talked with a

paper man who did not assume that it was going to make a difference in the price when he was talking with me about it, that it would have a deterrent effect on the ability to get cheaper paper, make cheaper paper here. I would assume, I do not know that I understand what Mr. Gardner thought about it, I am not clear if he figured out that the taking of \$6 a ton off paper would not have a restraining effect on the exactions of the local men, the manufacturers of this country, who, to the naked eye, seem to have so thorough an understanding.

Mr. STAFFORD. He believed that the removal of the duty on print paper would have a beneficial effect, but he feared that if we gave Canada the advantage it would be in a preferential situation, whereby Canada could levy export duties, so that in a very short time it would control the entire print-paper manufacturing industry of this country.

Mr. NOYES. By levying export duties?

Mr. STAFFORD. By levying export duties.

Mr. NOYES. That had never been suggested to me, that the way to control the paper market in this country was to prevent Canadian paper coming in here. You mean export duties on paper?

Mr. STAFFORD. On wood pulp.

Mr. NOYES. Oh, you said control the paper market by levying export duties. I misunderstood you.

Mr. STAFFORD. By levying export duties.

Mr. NOYES. I would take it that this country, if there was an export duty levied, would regard that as an act that would call for reprisal on the part of this country.

Mr. STAFFORD. Of course, it is generally agreed that our Government would have to take some precautions to prevent the Canadian government from levying export duties as against our American manufacturers.

Mr. NOYES. I have heard it argued with a great deal of force by Mr. Norris and Mr. Sites, I think, that the Canadians were at a very distinct disadvantage in regard to the manufacture of paper.

The CHAIRMAN. Suppose, Mr. Noyes, we should take the duty off wood pulp and the Canadian government should impose a duty on pulp wood and wood pulp, but not on print paper. That would naturally have a tendency to drive the paper making into Canada, I take it. Now, how could we protect ourselves from that condition?

Mr. NOYES. Am I testifying under oath, or do you just want a guess of mine as to how we could best do it?

The CHAIRMAN. You are testifying under oath to the extent that we want your real opinion.

Mr. NOYES. To that extent I would say that my real opinion was that if there was an attempt on the part of Canada to injure—that is, to evade the purpose we were asking under the Stevens bill—that I would meet that by putting a duty on when they put a countervailing duty on. When they put an export duty on, I would put an import duty on.

The CHAIRMAN. They now have practically an export duty on pulp wood.

Mr. NOYES. As to Crown lands.

The CHAIRMAN. And a good deal more than that in the Province of Ontario, according to the statement that Mr. Norris presented to us, where they prohibit the exportation of pulp wood, unless it is

manufactured into paper, from the Province of Ontario. That is my recollection of it.

Mr. NORRIS. That is substantially accurate.

The CHAIRMAN. Mr. Noyes, can you tell us anything about the Publishers' Paper Company?

Mr. NOYES. I have indicated, in a very general way, that there was such an institution. I was asked what my judgment was as to publishers going into the news-paper business, or the manufacture of paper. There is such a concern as the Publishers' Paper Company.

The CHAIRMAN. Were not your people interested in it?

Mr. NOYES. Yes.

The CHAIRMAN. Was that a successful venture?

Mr. NOYES. That is not manufacturing paper as yet.

The CHAIRMAN. Has it manufactured any kind of paper?

Mr. NOYES. It has manufactured waste and manilas, the main thing it has done. It has only one little, old machine, a very old book machine. It was a sulphite mill. They have never set up a modern paper machine at all.

The CHAIRMAN. It was an old mill that was purchased, you mean?

Mr. NOYES. Oh, no; the machine; it was an old machine that was purchased.

The CHAIRMAN. When was this Publishers' Paper Company organized?

Mr. NOYES. I do not know the date it was organized, Mr. Mann; it has been two or three years.

The CHAIRMAN. I did not mean the exact date, but about when.

Mr. NOYES. Yes; I understood.

The CHAIRMAN. Was that organized for the purpose of making news-print paper?

Mr. NOYES. No; it was organized for the purpose of taking over a concern that had failed, called the "Eastern Paper Company," as I remember it. I had no connection with it, but they owned some thousand acres of land in the White Mountains, and the project was to build a mill at Portsmouth, the Portsmouth mill. The money ran out; they could not finance it; they never financed it to the point where they had approximately finished the Portsmouth mill, nor any of the pulp mills.

The CHAIRMAN. Did they have any mill at all?

Mr. NOYES. No.

The CHAIRMAN. Then, who installed this old machine?

Mr. NOYES. This went into the hands of this Oakly Thorne Trust Company, under the foreclosure sale. Mr. Thorne and some of his associates formed a company to complete or to make the mill so that it could produce paper. My main interest in it was in a contract I made with them, a provisional contract if they built a mill, as to the supply of paper. Mr. Lawson became interested in it also and became one of the directors, and Mr. Lawson invested quite a large amount of money in it. The property, as I understand it, the woodlands, did not turn out to be as large—there was a very complicated litigation that I have never thoroughly understood myself at all. It was not of any particular interest to me, but it was a very complicated piece of litigation, and they have finally built a pulp mill and have been making pulp there on that Saco River, and on these woodlands, and they set up the sulphite mill and were

making sulphite there. A year ago last summer I think they started to make sulphite, and made it last winter. In connection with this sulphite mill and with the refuse of the wood pulp, or to utilize that, they put up a little, I think it was a 12-ton machine; it is a very old paper machine, and used it in using this waste sulphite.

The CHAIRMAN. A second-hand machine?

Mr. NOYES. Oh, yes; second hand; I do not know how many hands. It was a machine that they never attempted to make news paper on. So that we have never attempted to make news paper. There is an element that paper men would differ on, that has never been solved, which is to make paper with salt water. The mill at Portsmouth is on tide water, and the purpose was——

The CHAIRMAN. The Publishers' Paper Company has been referred to several times, and of course it is an attractive name; it may be a mere name, but where can we get information about it if we want to know about it?

Mr. NOYES. Mr. William A. Hall was the president of the company. Mr. Oakley Thorne, I suppose, is as well posted about it as anybody would be. The purpose of calling it the Publishers' Paper Company was at that time they expected to form a company, and the New York World was invited to go in, the Chicago Tribune was invited to go in, there were a number of papers that were invited to go in to make this really a publishers' paper company. The others, for reasons that seemed good at that time, and I suppose for reasons that would look better now, refused to go in.

STATEMENT OF MR. GEORGE F. MILTON, PRESIDENT OF THE KNOXVILLE SENTINEL COMPANY, KNOXVILLE, TENN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you tell us about your contracts for paper?

Mr. MILTON. We use from 500 to 600 tons of paper a year. I have a memorandum here of prices we paid from 1902 to 1908. For some reason I did not take a memorandum of the prices that we paid in 1898 and 1899, but I remember distinctly that was \$1.95, at least. The freight to Knoxville is 36 cents. We got a 2 per cent discount on that when paid within thirty days. The price in 1902 was \$2.25; in 1903, \$2.25; in 1904, \$2.43; 1905, \$2.25. All these prices delivered. After that time the 2 per cent discount was taken off, and the price was net cash; 1906, \$2.12½; 1907, \$2.15; 1908, \$2.62½. A few days ago they extended us the privilege of a 2 per cent discount in ten days from the date of invoice.

The CHAIRMAN. How much did you say the present price is?

Mr. MILTON. Two dollars and sixty-two and one-half cents.

The CHAIRMAN. With a discount?

Mr. MILTON. Of 2 per cent in ten days.

The CHAIRMAN. Are there any paper mills in the South, manufacturers of paper there?

Mr. MILTON. There is a paper mill at Marietta, but we have not patronized it for a number of years. We bought paper from it in cases of emergency. They had a fire several years ago, and I do not know whether they are in shape to furnish paper now or not, but we did get some paper from that mill. We get our paper from Maine, from the W. H. Parsons Company.

The CHAIRMAN. When the buzzer sounds we are summoned to the House by the allies of Mr. Norris, probably your friends; but I think we will take the risk of being arrested and finish with the witnesses who are here.

Mr. MILTON. The only thing I would suggest offering is the experience I had in New York last summer in getting a rate on this year's paper. Our contract expired the 1st of January, 1908. The month of August I took the matter up in person in New York and visited W. H. Parsons & Co., who have been furnishing us paper for years, and was invited by them to get prices from other paper manufacturers, which I did for several days; that is, attempted to get prices. My visits were not fruitful in getting bids, however. I was told that I was in pretty good hands, and that if any price was made, it would be higher than what I was getting, and I was given to understand that I would have to patronize W. H. Parsons & Co. They made me a price for ten days, and at the end of ten days I accepted it. At some of the offices I visited they would not even see me; would not give me any encouragement whatsoever; would not consider the matter.

The CHAIRMAN. What did they say to you when you did see people about it?

Mr. MILTON. They usually asked about what I was paying and who I was buying from, and then they told me there was a great shortage of paper, and it was likely to be worse, and the price would probably go to 3 cents, and that if they were in my place, they would close up with Parsons.

The CHAIRMAN. So you did close with Parsons?

Mr. MILTON. So I did; yes, sir.

The CHAIRMAN. How much paper do you buy?

Mr. MILTON. We use about 600 tons a year.

The CHAIRMAN. Do you know what you were paying for paper in 1897?

Mr. MILTON. 1897 or 1898, I do not know which; but in one of those years we were paying \$1.95 delivered. Another newspaper in Knoxville, the Journal Tribune, is now securing paper from Canada cheaper than we are from Parsons. They get a price in the neighborhood of \$2.50.

Mr. SIMS. That is a Republican paper, is it not?

Mr. MILTON. Yes, sir.

Mr. SIMS. And does not support home institutions?

Mr. MILTON. No.

The CHAIRMAN. That is all. Was there anything else you had to say, Mr. Noyes? Did you give us that contract?

Mr. NOYES. I have them both here. But I would like to have these contracts sent to me, care of the Evening Star. I will be here for some time.

Following are the contracts referred to:

Agreement made this fifth day of December, nineteen hundred and four, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and the Chicago Daily News Company and the Chicago Herald Company, corporations organized under the laws of the State of Illinois, hereinafter called the purchasers, parties of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration,

each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchasers, and the purchasers hereby agree to purchase and take from the manufacturer for use in the publication of the Chicago Daily News and the Chicago Record-Herald, newspapers published in the city of Chicago, Illinois, such quantity of No. 1 white newsprint paper as shall be required to print all and every edition of the Chicago Daily News and the Chicago Record-Herald or other newspapers which they may hereafter publish during the period of five years dating from January first, nineteen hundred and five. The required tonnage under this contract to average at least seventy-five (75) tons daily (Sunday excluded) or twenty-three thousand (23,000) tons in each and every year during the continuance of this contract and not to exceed one hundred and ten (110) tons daily or thirty-four thousand (34,000) tons in any one consecutive twelve months from January first, nineteen hundred and five, at the price and upon the terms hereinafter particularly stated. Said paper shall all be made at the Otis Falls mill, located at Livermore Falls, Maine. It shall be substantially of the same average quality as the sample attached to this contract and on a basis of weight equivalent to thirty-five by forty-seven (35 x 47) one hundred and twenty-two (122) pounds to the one thousand (1,000) sheets of eight (8) pages and no more. Width of rolls to be the same as at present furnished the Chicago Daily News and the Chicago Record-Herald by the manufacturer, to wit: 70", 52½", 35", 47", and 23½", or such other widths as may be mutually agreed upon by the parties hereto, and in such proportion as the purchasers may require. Delivery shall be made daily by the manufacturer to the purchasers at their respective press rooms in the city of Chicago in such quantities as required by them.

Second. The purchasers hereby covenant and agree to pay to the manufacturer for all paper to be furnished and delivered under this agreement during the period from January first, nineteen hundred and five, to and including December thirty-first, nineteen hundred and nine, two dollars (\$2.00) per cwt. (without reference to production basis), actual gross weight of the rolls, including paper, wrapper, twine, and cores. The paper to be run as near to the ordered weight as practicable. Such payment shall be made in cash (New York exchange or its equivalent) on the twentieth day of each month for all paper delivered during the preceding month, subject, however, to the later provisions of this contract.

The cores shall be credited at the invoiced price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchasers and if subsequently returned shall be credited upon the next settlement.

Third. The manufacturer agrees to purchase from the purchasers at seventy-five cents per one hundred pounds, or such other price as is hereinafter referred to, such white waste as shall come from paper delivered under this contract during the calendar year nineteen hundred and five, such purchase to be made at the point of delivery of paper, provided that such waste is properly packed, and no allowance shall be made for paper remaining on cores returned. This provision covering the subject of white waste to continue in force during the life of this contract, subject, however, to a value to be agreed upon during December of each year and to apply on the white waste for the year following, meaning that the manufacturer shall at all times pay for all white paper received under this agreement the full amount received by it.

No claims for damaged paper shall be entertained by the manufacturer unless the purchasers shall state in their receipt for the goods that the same is damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal by the manufacturer.

All paper required by the purchasers to be kept in storage for the benefit of the purchasers shall be at the expense of the purchasers and shall be treated as actually delivered to and owned by the purchasers.

Fourth. In case the manufacturer shall be unable at any time to make and supply or the purchasers shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God or the public enemy, or any causes beyond the control of either party, the manufacturer shall not be liable to the purchasers for failure to supply such paper, nor shall the purchasers be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability, and the purchasers may at their option cancel this contract in the event of failure to supply as hereinbefore stated.

Fifth. In case the purchasers shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may at its option cancel this contract and refuse to furnish any more paper hereunder and declare the obligations of the purchasers hereunder due forthwith, notwithstanding the terms of

this contract, but the purchasers shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

Sixth. It is hereby mutually agreed that on or about the first day of April, nineteen hundred and five, and quarterly thereafter, to wit: On or about the first day of April, July, October, and January for each and every year covered by this contract the manufacturer shall render to the purchasers an account showing the gross cost of manufacturing paper at the Otis Falls Mill, situated at Livermore Falls, Maine, for each quarter; also the number of tons manufactured and the average cost per ton, the cost of transportation, cartage, and storage of all paper under this contract; also the gross expenditure made by the International Paper Company for the administration of said company in which payments the purchasers participate, the gross number of tons manufactured by the International Paper Company at all of its mills for the said quarter.

It is further agreed that the purchasers have the privilege of sending an auditor to properly audit all of the expenditures made by the International Paper Company in connection with the manufacturing of paper at the Otis Falls Mill. The said auditor shall have access to all of the original invoices and books connected with said expenditures.

The quarterly statements shall set forth the actual cost of the paper furnished under this contract, including transportation, cartage, storage, and insurance, and to said cost shall be added six dollars and fifty cents (\$6.50) per ton of two thousand (2,000) pounds, and the gross sum thus shown shall be the price called for for final settlement, and in case the amount paid on account by the purchasers shall be in excess of said sum shown, then such excess shall be due and repayable to the purchasers. In case the amount shown by said statement is more than the amount paid on account, then such excess amount shall become due from the purchasers to the manufacturer, and shall be paid. The above amounts due, receivable or payable, shall be paid within thirty (30) days from date of receipt of statement.

The following is to be the basis of cost of paper furnished under this contract:

For all paper which shall be furnished under this agreement the parties of the second part shall be individually liable only for such amount of paper as they may respectively consume.

The paper company agrees to receive payment and the parties of the second part agree to make payment at the rate and price which shall yield to the paper company a clear net profit of six dollars and fifty cents (\$6.50) per ton of two thousand (2,000) pounds over and above the actual cost to the paper company, including the cost of manufacture, the cost of package, shipment, and storage, and cost of transportation to and delivery at the press rooms established by the parties of the second part. The actual cost of manufacture shall include the cost of running and operating the mill or mills in which the paper is made (with taxes and insurance on plants and product), the cost of repairs, renewals, maintenances, and requirements necessary to maintain said mill or mills in a condition of efficiency and economy of operation equal to the present condition thereof (or such proportion thereof as may be applicable to the paper made in such mill or mills for delivery hereunder, ratably to other paper in such mill or mills)—except expense incident to damage by fire or act of God—the cost of all material and supplies actually required in or in connection with the production of such paper and a ratable share of the general expenses of the paper company, such ratable share to bear to the aggregate amount of such general expenses the same proportion that the amount of paper furnished under this agreement shall bear to the total amount of paper manufactured by the paper company in all of its mills, but such general expenses of the paper company shall not include any sum paid by the paper company for interest charges or for dividends on its capital stock or for service of salesmen or agents employed in the disposition of its products or for additional mill constructions or for real estate, but shall include all other expenses equitably and properly chargeable to cost of manufacture.

It is expressly agreed and understood by the parties hereto that the wood supplied to the International Paper Company for use in the Otis mill by any of its subsidiary companies shall be furnished at actual cost, including an allowance of not to exceed fifty cents per cord, as is the present working basis by The International Paper Company.

No profit on chemical or mechanical pulp shall be charged as representing sales between mills of The International Paper Company, but all such product received from any or all of The International Paper Company's mills used in the manufacturing of paper at the Otis Falls mills shall be at its actual cost.

Seventh. Calculated upon the basis hereinbefore provided, the manufacturer guarantees that the total price paid by the purchasers for all paper delivered under this contract during the first year shall not exceed two dollars and ten cents (\$2.10) per cwt.

If during the last four years of this contract term the purchase price shall exceed two dollars and twenty-five cents (\$2.25) per cwt. for any two consecutive quarters, the purchasers shall have the privilege of canceling this agreement upon six months' notice in writing.

Eighth. This contract is intended to cover all of the No. 1 white news-print paper used by the purchasers in all their editions during the period of five years from January first, nineteen hundred and five, but is not intended to cover any special grades of paper calling for an element of cotton waste or other qualifications beyond the average quality now manufactured by The International Paper Company and evidenced by samples hereto attached.

Ninth. Notwithstanding anything hereinbefore contained to the contrary, the purchasers at any and all times shall have the right to buy of any party or parties, paper of higher price and of extra quality, weight, and finish necessary for and to be used in the production of any Sunday magazine, special supplement, colored or art souvenir, but the manufacturer shall have the preferential right to furnish such paper of extra quality for such special supplements and special editions if it can do so as conveniently and economically as other parties.

Tenth. If during the years 1907, 1908, 1909 The International Paper Company furnishes paper to other consumers at a price less than it costs under this contract to the parties of the second part, the parties of the second part shall be entitled to demand such lower price during the period of its duration, and the party of the first part may either accept such lower price or cancel this contract at its option on giving six months' notice in writing, the price to be charged during the period of notice to be the price properly applying under this form of contract.

Eleventh. If any dispute shall arise in connection with this agreement or performance thereof, then and in every such case the matter or difference shall be submitted to arbitration, each of the parties hereto to choose one arbitrator, and the two thus chosen to choose a third, and the decision of the said three arbitrators or a majority of them shall be final and binding upon the parties hereto with reference to any action submitted to said arbitrators.

This agreement shall commence on the first day of January, nineteen hundred and five, and shall terminate on the thirty-first day of December, nineteen hundred and nine.

In witness whereof the parties hereto have hereunto set their hands and seals at the city of Chicago, Illinois, the day and year first above written.

THE INTERNATIONAL PAPER COMPANY,
By HUGH J. CHISHOLM, *President*.

Witness for H. J. C.:
TOM T. WALLER.

THE CHICAGO DAILY NEWS COMPANY,
By VICTOR F. LAWSON, *President*.

Witness:
W. WERNER.

THE CHICAGO HERALD COMPANY,
By FRANK B. NOYES, *President*.

Witness:
W. WERNER.

Agreement made this thirtieth day of December, nineteen hundred and five, between the International Paper Company, a corporation organized under the laws of the State of New York, hereinafter called the manufacturer, party of the first part, and The Chicago Daily News Company and The Chicago Herald Company, of the city of Chicago, Illinois, hereinafter called the purchaser, party of the second part, witnesseth:

That the parties hereto, in consideration of the mutual promises and agreements of each other, and of the sum of one dollar and other good and valuable consideration each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby covenant and agree to and with each other as follows, that is to say:

First. The manufacturer hereby agrees to sell and furnish to the purchaser, and the purchaser hereby agrees to purchase and take from the manufacturer, for use in the publication of "The Chicago Daily News" and "The Chicago Record-Herald" (or such other newspapers as they may publish during the period of this contract) newspapers published in the city of Chicago, Illinois, their entire supply, estimated at twenty-five to thirty-five thousand tons of paper per annum during the period from January first, nineteen hundred and six, to December thirty-first, nineteen hundred and nine, at the price and upon the terms hereinafter particularly stated.

The said paper shall be made at the Otis Falls mill, located at Livermore Falls, Maine, and shall be of substantially the same average quality as the sample attached to this contract and on the following basis of weight, viz; thirty-five inches by forty-seven inches, one hundred and twenty-two pounds to the one thousand sheets of eight pages, and no more. Width of rolls to be: 70", 52½", 35", 47" & 23½, and shall be delivered daily by the manufacturer (or such other widths as may be agreed upon by the parties hereto, and in such proportion as the purchaser may require) to the purchaser on sidewalk in front of press room, Chicago, Illinois, in such quantities as may be required by the purchaser.

Second. The purchaser hereby covenants and agrees to pay to the manufacturer for all paper to be furnished and delivered under this agreement for the calendar year nineteen hundred and six, two dollars (\$2.00) per hundred pounds (without reference to production basis), actual gross weight of the rolls or bundles, including paper, wrapper, twine, and cores. The paper to be run as near to the ordered weight as practicable—not less than one hundred and twenty and not more than one hundred and twenty-four pounds to the one thousand eight-page sheets. Such payment shall be made on or before the twenty-fifth day of each month for all paper delivered during the preceding month, either by note or notes due three months thereafter, without interest, or by cash (New York exchange or its equivalent) with a discount of one and one-half per centum (1½%).

Cores shall be credited at the invoice price at the contract point of delivery for paper when a bill of lading showing the number of cores shipped is received by the manufacturer, and any balance of cores not returned at the time of settlement shall be paid for by the purchaser, and if subsequently returned shall be credited upon the next settlement.

The price applicable to the ensuing years after nineteen hundred and six shall be agreed upon annually between the parties hereto, in the month of December preceding, and shall conform to the prevailing market price as applied to like conditions of supply and quality, but in no instance shall the manufacturer receive more than two dollars and ten cents (\$2.10) per cwt. or less than one dollar and ninety cents (\$1.90) per cwt. as applying to deliveries for any calendar year.

Should the parties hereto fail to arrive at an agreement as to market price as above outlined, it shall be a subject for arbitration, as provided for hereafter.

This contract is intended to cover all of the No. 1 white news print paper used by the purchaser in all their editions during the period of four years from January first, nineteen hundred and six, but is not intended to cover any special grades of paper calling for an element of cotton waste or other qualifications beyond the average quality now manufactured by the International Paper Company and evidenced by samples hereto attached.

Notwithstanding anything hereinbefore contained to the contrary, the purchaser at any and all times shall have the right to purchase of any party or parties paper of higher price and of extra quality, weight, and finish necessary for and to be used in the production of any Sunday magazine, special supplement, colored or art souvenir, but the manufacturer shall have the preferential right to furnish such paper of extra quality for such special supplements and special editions if it can do so as conveniently and economically as other parties.

If during the years of 1906, 1907, 1908, and 1909 the International Paper Company furnishes paper to other consumers at a net price less than it costs under this contract to the parties of the second part, the parties of the second part shall be entitled to demand such lower price during the period of its duration, and the party of the first part may either accept such lower price or cancel this contract at its option on giving six months' notice in writing, the price to be charged during the period of notice to be the contract price at that time prevailing.

If any dispute shall arise in connection with this agreement or performance thereof, then and in every such case, the matter or difference shall be submitted to arbitration; each of the parties hereto to choose one arbitrator, and the two thus chosen to choose a third, and the decision of the said three arbitrators, or a majority of them, shall be final and binding upon the parties hereto with reference to any action submitted to said arbitrators.

For all paper which shall be furnished under this agreement, The Chicago Daily News Company and The Chicago Herald Company, party of the second part, shall be individually liable only for such amount of paper as they may respectively consume, and neither shall be responsible for the other as to any and all liabilities arising under this agreement.

Third. The manufacturer agrees to purchase from the purchaser at seventy-five cents (\$0.75) per one hundred pounds such white waste as shall come from paper delivered under this contract, such purchase to be made at the point of delivery

of paper upon receipt of a bill of lading by the manufacturer provided that such waste is properly packed and no allowance shall be made for paper remaining on cores returned, and in the event of such waste being of a market value greater than seventy-five cents (\$0.75) per one hundred pounds, the manufacturer will credit the purchaser with the full market value as represented by an annual adjustment, or allow the purchaser to make their own disposition of this material. The intention being to give the purchaser the full net benefit of all waste material originating from the press-room operations as applied to paper furnished under this agreement.

No claims for damaged paper shall be entertained by the manufacturer unless the purchaser shall state in his receipt for the goods that the same are damaged and shall immediately advise the manufacturer of that fact. All such damaged paper shall be kept for disposal by the manufacturer.

All paper required by the purchaser to be carried in storage for the benefit of the purchaser shall be at his expense, and shall be treated as actually delivered to and owned by the purchaser.

Fourth. In case the manufacturer shall be unable at any time to make and supply, or the purchaser shall be unable to take and use said paper, in consequence of strikes, fire, explosion, war, the acts of God, or the public enemy, or any cause beyond the control of either party, the manufacturer shall not be liable to the purchaser for failure to supply such paper, nor shall the purchaser be liable to the manufacturer for failure to take such paper resulting from any of said causes during the period of disability, and the purchaser may at its option cancel this contract in the event of failure to supply as hereinbefore stated.

Fifth. In case the purchaser shall fail to pay any amounts due hereunder or any note or notes given in settlement at maturity, the manufacturer may, at its option, cancel the contract and refuse to furnish any more paper hereunder, and declare the obligations of the purchaser hereunder due forthwith, not withstanding the terms of this contract, but the purchaser shall remain liable to the manufacturer for all loss and damage sustained by reason of such failure.

This contract shall commence on the first day of January, nineteen hundred and six, and shall terminate on the thirty-first day of December, nineteen hundred and nine.

In witness whereof the parties hereto have hereunto set their hands and seals, at the city of New York, the day and year first above written.

[SEAL.]

INTERNATIONAL PAPER COMPANY,
TOM T. WALLER,
Second Vice-President.

Witness:

E. W. HYDE.

[SEAL.]

THE CHICAGO DAILY NEWS COMPANY,
VICTOR F. LAWSON, *President.*

Witness:

W. WERNER.

[SEAL.]

THE CHICAGO HERALD COMPANY,
FRANK B. NOYES, *President.*

Witness:

DAN GREENE.

STATEMENT OF MR. W. W. BAILEY, OF JOHNSTOWN, PA.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You are from Johnstown, Pa?

Mr. BAILEY. Yes, sir.

The CHAIRMAN. In charge of the Johnstown Democrat?

Mr. BAILEY. Yes, sir.

The CHAIRMAN. What can you tell us about paper, Mr. Bailey?

Mr. BAILEY. I can tell that I am paying \$11 a ton more this year than I paid last year. I found that I would have to do so, after having made strenuous efforts to avoid it. I found out in the middle of last summer, I was warned by the man through whom I had been buying, that there was going to be a very stiff advance, and he advised me to get in out of the wet as soon as possible. He said they were getting pretty close now, and the price had already gone up materially and was likely to go still higher, and might reach even 3 cents. I was paying 2 cents flat, delivered f. o. b. Johnstown.

I went to New York, called on the Berlin Paper Company, tried to get them to make a quotation, and they would not make a quotation except for spot delivery; would not make a quotation for future delivery at all; and I told them, of course, that I was contracted up to the 1st of January, 1908, and I was looking for placing—I wanted to place my contract for the coming year—and after a good, long talk with the gentleman—I can not recall his name now, but it was the Berlin Paper Company—he told me that he would not sell me paper at any price. I said, “That is very strange”—Mr. Deering, I think his name is—I said, “That is very strange, because you have been very hot on my trail for the last four or five years.” He had been after me by wire and by letter, and by personal visits and telephone calls. I said, “It is very strange.” “Well,” he said, “we will not take your contract this year at any price.” And he said, “You had better stay with the people you are already with.” I was buying through D. L. Ward & Co., of Philadelphia—a broker, I think you call him. He handled paper for the International Paper Company. He is the man who warned me that the price was going to advance and advised me to enter into a contract immediately. I did not get scared all at once. I waited awhile before I got really bad scared, and I found out that that was pretty bad for me, because I could have bought at about 15 cents a hundred less than I actually did buy. I buy at \$2.55 now. The price originally quoted me was \$2.60, and after a good deal of dickering and negotiation the price was scaled down to \$2.55, which is what I am paying now, no discount.

The CHAIRMAN. F. o. b. Johnstown?

Mr. BAILEY. F. o. b. Johnstown.

The CHAIRMAN. How long have you been in charge of the Democrat?

Mr. BAILEY. Since the 1st day of February, 1893.

The CHAIRMAN. What did you pay for paper in 1893?

Mr. BAILEY. Well, I was buying in very small quantities at that time, and it would have no relation. The paper had a very small circulation; it was a paper that had run down very badly, and we were using a drum-cylinder press, and a very small circulation, and it was not until 1898—

The CHAIRMAN. But what did you pay for paper?

Mr. BAILEY. I am not sure; I could not say, but I should think about, as well as I can recall now, about \$2.50. I bought in about ton lots, I think it was.

The CHAIRMAN. How much paper do you get now?

Mr. BAILEY. I used last year about 325 tons. I will hardly use that much this year, I presume, because we are curtailing the size of the paper. Instead of printing 14 and 16 page papers, we are printing 10 and 12. We prefer to do that rather than reduce wages.

The CHAIRMAN. In reducing the size of your paper how much does that reduce the news matter?

Mr. BAILEY. Well, it means that instead of giving the news in detail, we boil it down. We submit all news to the boiling process. Instead of giving the people the news in very considerable detail we boil it down to its lowest element.

Mr. SIMS. A kind of headline affair?

Mr. BAILEY. We even cut down on the headlines; they cost money nowadays.

Mr. SIMS. Have you had any conversation with correspondents or persons relative to a combination as made or being made?

Mr. BAILEY. The dealer from whom I buy, or through whom I buy, told me that the paper manufacturers were getting together and that because of that I had better take time by the forelock.

The CHAIRMAN. Who was that dealer?

Mr. BAILEY. D. L. Ward & Co.

The CHAIRMAN. When did he tell you that, if you remember?

Mr. BAILEY. It was about, I should say, July last. Usually I take up the paper question along about the middle of August or the first of September. Usually I take that up when I go to New York to the meeting of the Associated Press, but I had been buying from him for ten years, and he wrote me, as a friendly tip, that I had better get in out of the wet.

The CHAIRMAN. Did he write you that they were getting together?

Mr. BAILEY. Yes.

The CHAIRMAN. Can you give us that letter?

Mr. BAILEY. I have not the letter with me, but I believe Mr. Norris has a copy of it.

Mr. NORRIS. I have put in the record Mr. Bailey's letters.

Mr. SIMS. You have already put it in the record?

Mr. NORRIS. I have put in the record Mr. Bailey's letters.

Mr. BAILEY. I would like to say one more word on this question about the cost of manufacture, about the justification for this. A man who is in the business of producing a newspaper on his own account informed me last September—

The CHAIRMAN. Who was that?

Mr. BAILEY. Mr. Nelson, Kansas City Star and Kansas City Times—that there was no justification, either in the advance of wood or wood pulp or labor, for any advance in the price of paper corresponding with the advance which had actually taken place.

The CHAIRMAN. He makes his own paper, does he not?

Mr. BAILEY. He makes his own paper only for his own consumption. He does not sell any paper outside, I believe he told me, at all.

The CHAIRMAN. He is mistaken, then, because we have evidence here that he does sell outside, or has sold paper outside, and did not make any lower price than other people.

Mr. BAILEY. I do not know anything about that. I only know what Mr. Nelson told me. I would not be positive about him saying that he did not sell any outside, but I think that was what he said.

The CHAIRMAN. All we know is what men testified here who bought paper from him.

Is Mr. Newman here, of the Louisville Herald?

Mr. McCORMICK. I do not see him.

The CHAIRMAN. There is no one else to be heard, is there, Mr. McCormick?

Mr. McCORMICK. I have no one else.

The CHAIRMAN. I do not know whether we had better meet in the morning or not?

Mr. NORRIS. Possibly some one will be here.

The CHAIRMAN. Then we will have a meeting to-morrow morning.

Thereupon, at 5.15 o'clock p. m., the committee adjourned until to-morrow, Friday, May 8, 1908, at 10 o'clock a. m.

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,
Friday, May 8, 1908.

The committee met this day at 10.15 o'clock a. m., Hon. James R. Mann (chairman) presiding.

The CHAIRMAN. We will hear you now, Mr. Bender.

STATEMENT OF MR. VICTOR E. BENDER, OF COUNCIL BLUFFS,
IOWA.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name, paper, and location?

Mr. BENDER. Victor E. Bender, publisher of the Daily Nonpareil, Council Bluffs, Iowa.

The CHAIRMAN. Mr. Bender, how long have you been the publisher of that newspaper?

Mr. BENDER. Thirteen years.

The CHAIRMAN. Can you tell us what price you were paying for paper thirteen years ago?

Mr. BENDER. Thirteen years ago?

The CHAIRMAN. Yes.

Mr. BENDER. No; I can not. I can tell you what I was paying ten years ago.

The CHAIRMAN. Say, commencing ten years ago.

Mr. BENDER. I have no records of anything except the past two years, excepting what I remember having paid ten years ago.

The CHAIRMAN. What did you pay ten years ago?

Mr. BENDER. One dollar and seventy cents.

The CHAIRMAN. Delivered at Council Bluffs, delivered on the sidewalk?

Mr. BENDER. Delivered at Council Bluffs.

The CHAIRMAN. Whom did you get paper from then?

Mr. BENDER. I was getting it from the local representatives at Omaha of the Carpenter Paper Company.

The CHAIRMAN. Do you know what mill it came from?

Mr. BENDER. No. They got it from Wisconsin.

The CHAIRMAN. What are you paying now?

Mr. BENDER. Two dollars and fifty cents.

The CHAIRMAN. Have you a contract?

Mr. BENDER. Yes; I have that contract [submitting same].

The CHAIRMAN. With whom?

Mr. BENDER. With the Carpenter Paper Company. This is Wisconsin paper. I do not know the point from where it comes.

The CHAIRMAN. What does your contract provide now?

Mr. BENDER. Well, the provisions of the contract are that I shall have a certain number of tons.

The CHAIRMAN. Well, what number?

Mr. BENDER. Three hundred and sixty tons, beginning January 20, up to January 20, 1909.

The CHAIRMAN. That is for the year commencing January 20, 1908?

Mr. BEDNER. Yes, sir; and for size papers, size rolls 45½ inches, we pay \$2.30 at the mill, and the freight is 20 cents.

The CHAIRMAN. Is that the provision of the contract?

Mr. BENDER. No; \$2.30 per hundred pounds f. o. b. mill. This is the first contract I have ever made with the price fixed at the mill. Heretofore I have always had it f. o. b. Council Bluffs.

The CHAIRMAN. Is there any limitation about what the mill shall be?

Mr. BENDER. No.

The CHAIRMAN. Suppose they should take the Great Northern Mill, in Maine. Would you have to pay the freight rate from there?

Mr. BENDER. They have always got their paper from Wisconsin, and when the contract was made we talked over the freight rate, and I have always paid that rate since it was fixed at that. It used to be 27 cents from the mill in Wisconsin. It is now 20 cents.

The CHAIRMAN. The Carpenter Paper Company is not itself a manufacturer of paper?

Mr. BENDER. No, sir.

The CHAIRMAN. So that when they make the contract with you for \$2.30 at the mill, you take the chances on the freight rate?

Mr. BENDER. It is understood that it is 20 cents; yes.

The CHAIRMAN. What did you pay for paper in 1907?

Mr. BENDER. I paid \$2.10 f. o. b. Council Bluffs, with 3 per cent off if paid in thirty days. It brought it down to about \$2.03 and a fraction.

Mr. SIMS. That price included the freight?

Mr. BENDER. Yes; f. o. b. Council Bluffs.

Mr. SIMS. Was the freight then 27 cents, or 20?

Mr. BENDER. Twenty cents.

The CHAIRMAN. Two dollars and ten cents, you say?

Mr. BENDER. Yes.

The CHAIRMAN. So that the advance, admitting discount, was practically 40 cents a hundred?

Mr. BENDER. Yes. Of course there was no discount allowed on the last contract.

The CHAIRMAN. With whom did you have a contract in 1907?

Mr. BENDER. With the same people.

The CHAIRMAN. Did you have a written contract?

Mr. BENDER. Yes, sir. I could not lay my hand on the contract, but those bills [indicating same] show what was paid for paper. I had a contract exactly like that, except that the price was changed.

The CHAIRMAN. This is a standard form of contract?

Mr. BENDER. Yes, sir.

The CHAIRMAN. It provides for 360 tons, with a leeway of 5 per cent over or under in quantity for the year, "standard roll print, which shall be of the same average quality as the sample attached hereto." That seems to be the form of contract that is quite commonly in use. What did you pay for paper in 1906, if you remember?

Mr. BENDER. I do not know whether I have that contract here or not. No; I have not the 1906 contract.

Mr. SIMS. Do you know when this reduction of freight from 27 cents to 20 cents took place?

Mr. BENDER. Not exactly. It is perhaps four years ago.

Mr. SIMS. It has not been advanced any since? The same rate prevails now—20 cents?

Mr. BENDER. Yes. It was formerly 27 cents. I think it was changed four or five years ago.

The CHAIRMAN. Do you know whether you have received paper from the same mill all the time?

Mr. BENDER. No; I have not. I have had some from Cedar Rapids and some from Neenah. They are both in Wisconsin.

Mr. STAFFORD. Cedar Rapids or Grand Rapids?

Mr. BENDER. Cedar Rapids.

Mr. STAFFORD. In Wisconsin?

Mr. BENDER. Yes. Have you not heard of that place?

Mr. STAFFORD. No, sir. I am from Wisconsin, and the hearings hitherto have not yet disclosed that mill.

Mr. BENDER. It may be only one mill, or something of that sort.

The CHAIRMAN. What negotiations did you have with the Carpenter Paper Company about the renewal of the contract during the season of 1907?

Mr. BENDER. You mean the making of this contract for 1908?

The CHAIRMAN. Yes.

Mr. BENDER. I commenced negotiating with them several months, probably, before I finally made the contract, and the first price they put on was considerably higher than that.

The CHAIRMAN. What did they ask?

Mr. BENDER. I think their first price was \$2.50 at the mill, and I kept on hammering away at them, and finally got them down to \$2.30.

The CHAIRMAN. What reason was given in the statements that were made for the great increase in price, if any?

Mr. BENDER. Oh, I do not remember. There were some stock reasons. Heretofore it has been scarcity of water and necessary increased price in cost of production.

Did you [addressing Mr. Stafford] find Cedar Rapids in Wisconsin?

Mr. STAFFORD. I have here before me Post's Paper Mill Directory of 1907-8, which gives all the paper mills in Wisconsin, but there is no Cedar Rapids there. Of course there is the Grand Rapids mill.

Mr. BENDER. Perhaps I am mistaken. They do not bill on their bills the name of the place it comes from.

The CHAIRMAN. I see the bills I hold from the Carpenter Paper Company give no indication of the point from which the paper was shipped.

Mr. BENDER. It may have been Grand Rapids.

The CHAIRMAN. In your negotiations with the Carpenter Paper Company, preliminary to the making of this contract of January 20, 1908, do you recall anything which gave you the impression that there was a combination of paper manufacturers who unduly and artificially raise the price of paper?

Mr. BENDER. Well, I found this to be the case, that the Carpenter Paper Company always had been, until the last time at least, the lowest bidder on paper. That is, I would write to several places for prices, and I invariably got the lowest price from the Carpenter Paper Company. At this last time, however, I got a lower price from another mill before I closed with this.

The CHAIRMAN. What mill was that; do you recall?

Mr. BENDER. I do not know the mill, but I know the paper company I was dealing with.

The CHAIRMAN. What was it?

Mr. BENDER. The Graham Paper Company.

The CHAIRMAN. What price did they make?

Mr. BENDER. Substantially the same price as this.

The CHAIRMAN. It was on the strength of that that you got the Carpenter Paper Company to reduce their price?

Mr. BENDER. Yes. I preferred to deal with them. They were right across the river, and there were certain advantages in dealing with them. For example, if I should run out of paper they would get it for me from another company, and for that reason I would prefer to deal with them.

Mr. SIMS. What was the difference in freight between the Graham people and the other people? Was that the matter that influenced you?

Mr. BENDER. It was the same freight rate.

The CHAIRMAN. Is there anything else you want to say to us?

Mr. BENDER. No, sir.

The CHAIRMAN. We are very much obliged to you.

ADDITIONAL STATEMENT OF MR. W. W. BAILEY, OF JOHNS-TOWN, PA.

Mr. BAILEY. Mr. Chairman, in testifying yesterday I said that Mr. Deering, of the Berlin Paper Company, had told me he would not sell me paper at any price. That was a mistake. The man who told me this was Mr. Moore, of the Berlin Paper Company.

The CHAIRMAN. The committee will now stand adjourned, to meet on the trip to Corinth, N. Y.

Thereupon, at 10.40 o'clock a. m., the committee adjourned.

SELECT COMMITTEE ON PULP AND PAPER INVESTIGATION,
Hudson Falls Mills, New York, Saturday, May 9, 1908.
Committee called to order at 8 p. m., Hon. James R. Mann, presiding.

STATEMENT OF MR. EDWARD KENNEY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you please give us your name?

Mr. KENNEY. Edward Kenney.

The CHAIRMAN. Are you the head of your organization?

Mr. KENNEY. I am president at present.

The CHAIRMAN. Are you connected with one of the local unions here?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. What is the name of the union?

Mr. KENNEY. International Brotherhood of Pulp, Sulphite, and Paper Mill Workers.

The CHAIRMAN. What position do you occupy?

Mr. KENNEY. President.

The CHAIRMAN. Of the local union?

Mr. KENNEY. Of the International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, the local president.

The CHAIRMAN. Are you employed in the mills here now?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. In what capacity?

Mr. KENNEY. In the decker room.

The CHAIRMAN. Referring to a bulletin of the Department of Labor of July, 1907, which probably you may not have seen, I would like to ask you, with reference to the names of some of the operatives. What are back tenders? Are back tenders known in the mill by that name now?

Mr. KENNEY. Yes; second hand back tenders.

The CHAIRMAN. Then they would be designated, under this payroll classification of the mill which I hold in my hand, as second hands on the paper machines?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. What are black ash burners; have you employees of that sort in the mill?

Mr. KENNEY. No; I am not familiar with that part of it, but I should suppose, however, that they were firemen, or something of that kind.

The CHAIRMAN. You do not know that designation then?

Mr. KENNEY. No.

The CHAIRMAN. Have you bleachers in the mill now?

Mr. KENNEY. No; I believe not.

The CHAIRMAN. Do you have calenders in the mill here?

Mr. KENNEY. Yes.

The CHAIRMAN. Under that designation?

Mr. KENNEY. No; I do not think so. The calenders that I know of are connected with the paper machine proper.

The CHAIRMAN. Do you have color mixers here?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. Under that designation?

Mr. KENNEY. Well, I think the beater engineer is the one that mixes the color, or is supposed to.

The CHAIRMAN. Are there any female employees in this mill?

Mr. KENNEY. Yes; I believe there are one or two; two or three, most of the time.

The CHAIRMAN. Cutters; are they known under that designation?

Mr. KENNEY. Yes; I beleive so.

The CHAIRMAN. Finishers?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. Machine tenders?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. Press tenders?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. Pulp grinders?

Mr. KENNEY. Yes.

The CHAIRMAN. Wood cookers?

Mr. KENNEY. Yes; sulphite cookers, that means, I suppose.

The CHAIRMAN. Wood preparers?

Mr. KENNEY. Yes.

The CHAIRMAN. What is your position, Mr. Kenney?

Mr. KENNEY. Decker man.

The CHAIRMAN. How many hours do you work, Mr. Kenney?

Mr. KENNEY. Forty-eight hours a week.

The CHAIRMAN. That is on the basis of eight hours a day?

Mr. KENNEY. Yes; eight hours a day.

The CHAIRMAN. How long has the eight-hour system been in operation here, or the three-tour system?

Mr. KENNEY. I believe since a year ago last September, or two years this coming September.

The CHAIRMAN. Before that time were you in the mill?

Mr. KENNEY. Yes; about a year.

The CHAIRMAN. Doing the same work?

Mr. KENNEY. Not all of the time, but at the time the eight-hour system went into effect I was doing the same work as now.

The CHAIRMAN. How many hours did you work as decker man before the three-tour system went into effect?

Mr. KENNEY. Sixty-five hours constituted a week's work. What was termed the two-tour system was sixty-five and sixty-six hours, sixty-six hours daytime and sixty-five hours nighttime.

The CHAIRMAN. How was the sixty-five hours divided?

Mr. KENNEY. From 7 o'clock in the morning until 6 o'clock at night, and from 6 o'clock at night until 7 o'clock in the morning.

The CHAIRMAN. For how many days?

Mr. KENNEY. Six days.

The CHAIRMAN. From 6 o'clock at night until 7 o'clock in the morning is thirteen hours, and six times thirteen is considerably more than sixty-five. Where was the loss?

Mr. KENNEY. I see I am wrong. Previous to the three-tour system we had Saturday night off. I never worked under that system; that was before I came to the mill here. I should have said that we had five nights during the night shifts instead of six. That makes five times thirteen hours, sixty-five hours.

The CHAIRMAN. So the night men worked five nights, making sixty-five hours, and the day men worked six days of eleven hours each making sixty-six hours?

Mr. KENNEY. That is correct.

Mr. SIMS. How many nights, under the three-tour system, are worked in a week, or, to put it this way, there is no difference between the night and the day hours under the three-tour system?

Mr. KENNEY. None at all.

The CHAIRMAN. What pay do you receive as decker man?

Mr. KENNEY. \$10.72 a week.

The CHAIRMAN. How much is that an hour?

Mr. KENNEY. 22.34 cents.

Mr. STAFFORD. How many days in the week are now occupied under the three-tour system, and the hours of the days upon which the mill is not in operation?

Mr. KENNEY. Well, it is now in operation continuously from Monday morning at 7 o'clock until Sunday morning at 7 o'clock.

Mr. STAFFORD. Are the night shifts the same throughout the month and throughout the year, or do the men alternate day and night?

Mr. KENNEY. They alternate day and night; we change every week. For instance, I go to work one week at 7 o'clock in the morning, and the following week I go to work at 3 o'clock in the afternoon, and the third week I go to work at 11 o'clock at night.

Mr. STAFFORD. The day and night shifts, the number of hours, are the same under the three-tour system?

Mr. KENNEY. Just the same; yes.

Mr. SIMS. What did you receive per week under the two-tour system?

Mr. KENNEY. Well, practically the same. We got 16½ cents an hour for working on the two-tour system. Of course, that was an average of twelve hours a day.

Mr. SIMS. Have you in mind what your week's wages were under the two-tour system?

Mr. KENNEY. I believe it was \$10.72, the same as at the present time. By working five nights I believe it was \$10.75, the same, or possibly a cent or two either way. I believe it was something like a cent a day one way or the other, but I am not sure.

Mr. STAFFORD. When the three-tour system was adopted were the wages the same, in the aggregate, as before, and was there only a reduction in the number of hours?

Mr. KENNEY. Yes; I believe so.

Mr. STAFFORD. That refers to all lines of employment to which the three-tour system applied?

Mr. KENNEY. Practically the same; yes, I think so, so far as I know. My own position is the most that I know about.

Mr. STAFFORD. Are you acquainted with the pay of the other operatives in other branches of the mill?

Mr. KENNEY. Not very well, however; not as well, perhaps, as I should be.

The CHAIRMAN. Mr. Kenney, I do not quite understand about the three-tour system. You say that you now work forty-eight hours per week; that is three men each work forty-eight hours per week? That is six days only in the week?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. But you say that you shut down only from 7 o'clock Sunday until when?

Mr. KENNEY. Until 7 o'clock Monday morning.

The CHAIRMAN. Oh, I misunderstood you at first.

Mr. KENNEY. We are shut down twenty-four hours.

Mr. MILLER. Let me see if I understand you. You have three shifts of eight hours each?

Mr. KENNEY. Exactly.

Mr. SIMS. Under the three-tour system the three men perform one hundred and forty-four hours of service in the six days, from Sunday morning to Sunday morning, is that correct?

Mr. KENNEY. I do not figure it that way.

Mr. SIMS. Under the two-tour system how many hours were put in for the same aggregate of time?

Mr. KENNEY. Sixty-six and sixty-five, I believe.

Mr. SIMS. Or one hundred and thirty-one hours? If I understand you, three men are getting \$32.16 for performing one hundred and forty-four hours of labor under the three-tour system, at the rate of \$10.72 per week.

Mr. KENNEY. Yes.

Mr. SIMS. And before, two men received for one hundred and thirty-one hours \$21.44; is that correct?

Mr. KENNEY. Yes; I think so.

The CHAIRMAN. The same wages per week

Mr. KENNEY. The same per week; yes.

The CHAIRMAN. How long have you been connected with the paper mill?

Mr. KENNEY. Three years, I believe, in December since I last hired out with this company.

The CHAIRMAN. But you are not able to tell us how wages at the present time compare with those of ten years ago?

Mr. KENNEY. Well, I would not care to. I believe ten years ago I was working for the company here, but I did not pay much attention to those things at that time.

Mr. STAFFORD. You were working in a different capacity?

Mr. KENNEY. I was working in the pulp mill—practically the same.

Mr. STAFFORD. Do you remember what wages you received at that time?

Mr. KENNEY. I believe it was \$1.37½ a day.

The CHAIRMAN. For what character of work?

Mr. KENNEY. I was working at that time on the pressers.

The CHAIRMAN. Can you tell us in what capacity, so that we can make a comparison?

Mr. KENNEY. That would be pressers of the ground wood pulp mill.

The CHAIRMAN. Would that be as a pressman?

Mr. KENNEY. Yes, sir.

The CHAIRMAN. Do you know what wages the pressmen receive now in the ground wood work?

Mr. KENNEY. The same as I receive at present, 22.34 cents an hour.

The CHAIRMAN. That is \$10.72 per week.

Mr. KENNEY. Yes.

The CHAIRMAN. Can you tell us in regard to the pay of any of the other men?

Mr. KENNEY. Well, I am not very well posted upon that, upon the different departments. It would be practically hearsay, and it would not be anything I could swear to.

The CHAIRMAN. If we can, we would like to get information from some of the operatives as to the amount of wages paid to the different ones, and make, if we can, a comparison with the previous wages, from the standpoint of the operatives. Can any of your people tell us in regard to that?

Mr. KENNEY. I have practically told you all that I do know about the present wages or the wages heretofore. Of course, I believe the grinder men get a little different scale than the decker men or the press men, but just exactly what it is I am not prepared to say.

The CHAIRMAN. As a general proposition, aside from the superintendents, or possibly foremen, and so forth, which class of men receive the highest pay?

Mr. KENNEY. The paper makers on the machines. You might call it a sliding scale. The machine tender will receive more than the back tender; the back tender will receive more than the third hand, and the third hand, I believe, receives more than the fourth hand, but I am not just sure about that.

Mr. SIMS. What proportion of the employees of the mills are under the three-tour system?

Mr. KENNEY. Well, that would be hard for me to say; I am not sure.

Mr. SIMS. Well, generally, what percentage—one-third, one-half, or what?

Mr. KENNEY. Well, it must be nearly half, I should judge, of each, paper makers and pulp men.

Mr. SIMS. Has the time been shortened with reference to the other employees?

Mr. KENNEY. The whole mill is on the three-tour system, but, of course, the day workers are on the nine-hour system.

Mr. SIMS. But have the hours per day been shortened?

Mr. KENNEY. Yes; they work eight hours per day, the same as I do now. Previous to that they worked the same number of hours that I did.

Mr. SIMS. Did they work twelve hours before?

Mr. KENNEY. Yes, sir; sixty-five hours and sixty-six hours a week.

Mr. MILLER. I suppose Mr. Kenney refers to the present day men.

Mr. KENNEY. Oh, no; they worked ten hours before that.

Mr. SIMS. And now they work nine?

Mr. KENNEY. Now they work nine.

Mr. SIMS. And receive the same as for twelve hours? Is there any difference in the hours of service per week?

Mr. KENNEY. No; there is no difference in their hours per week. Of course they had every Sunday off. They went home at 6 o'clock Saturday night and did not come on until Monday morning.

Mr. SIMS. Then they work six hours less per week now than before, and receive the same pay.

Mr. KENNEY. I believe so.

The CHAIRMAN. There are two unions here, are there not?

Mr. KENNEY. Yes, sir; there are.

The CHAIRMAN. Are the majority of your members paper workers or pulp workers?

Mr. KENNEY. Pulp workers.

The CHAIRMAN. The president of the international union is Mr. Fitzgerald, is he not?

Mr. KENNEY. Mr. Fitzgerald; yes, sir.

The CHAIRMAN. That is all for the present, Mr. Kenney.

STATEMENT OF MR. J. S. ALEXANDER.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name, please?

Mr. ALEXANDER. J. S. Alexander.

The CHAIRMAN. What is your position in the mill, Mr. Alexander?

Mr. ALEXANDER. Finisher.

The CHAIRMAN. I find under this pay-roll classification, head finisher, roll finisher, and sheet finisher?

Mr. ALEXANDER. I think I am classed as a weigher.

The CHAIRMAN. Are you working under the three-tour system, also?

Mr. ALEXANDER. No, sir; I am doing day work, nine hours.

The CHAIRMAN. How long have you been in the mill?

Mr. ALEXANDER. Twelve or fifteen years.

The CHAIRMAN. How long have you been on the nine-hour basis?

Mr. ALEXANDER. Since September 1, 1906.

The CHAIRMAN. What pay do you receive now?

Mr. ALEXANDER. 24.44 cents.

The CHAIRMAN. How much does that amount to in a week?

Mr. ALEXANDER. \$14.66.

The CHAIRMAN. What pay did you receive when you were on the ten hour a day system?

Mr. ALEXANDER. Just the same.

The CHAIRMAN. That is, the same per week, or the same per hour?

Mr. ALEXANDER. The same per week; I received \$12, but we got an increase.

The CHAIRMAN. When did you get the increase?

Mr. ALEXANDER. I think that was in 1902.

The CHAIRMAN. So that after 1902 you were receiving the \$14.66, until the three-tour system went into effect. At that time you were working ten hours a day?

Mr. ALEXANDER. Yes, sir.

The CHAIRMAN. You receive the same pay now and work nine hours a day?

Mr. ALEXANDER. Yes, sir.

The CHAIRMAN. What pay did you receive prior to the increase?

Mr. ALEXANDER. Twelve dollars a week.

The CHAIRMAN. How long had that been the basis of pay, if you remember?

Mr. ALEXANDER. That I could not say; I did not have that position then.

The CHAIRMAN. What position did you occupy before you went on as weigher?

Mr. ALEXANDER. One of the finishers, roll finishers.

The CHAIRMAN. How many hours did you work upon that work?

Mr. ALEXANDER. Ten hours.

The CHAIRMAN. And what pay did you receive in that position?

Mr. ALEXANDER. \$1.37½ a day.

The CHAIRMAN. When were you in that position; was it eight or ten years ago, or what?

Mr. ALEXANDER. About eight or ten years ago.

The CHAIRMAN. Was your pay increased before you went on as a weigher?

Mr. ALEXANDER. No.

Mr. STAFFORD. Do you know what wages the roll finishers received in 1902 at the time they were increased at the mill?

Mr. ALEXANDER. Received 16½ cents an hour in 1902.

Mr. STAFFORD. What was that per day?

Mr. ALEXANDER. \$1.65 per day.

Mr. STAFFORD. And they are receiving to-day the same total per week on a nine-hour basis as they received on the ten-hour basis before 1906?

Mr. ALEXANDER. They receive a little bit more now than then. It is 18.33 cents now, \$10.80 per week.

Mr. STAFFORD. On the nine-hour basis?

Mr. ALEXANDER. Yes.

The CHAIRMAN. Finishing is the work of putting the rolls in shape for shipment?

Mr. ALEXANDER. Yes, sir.

The CHAIRMAN. That is, after the paper has been finished so far as production is concerned?

Mr. ALEXANDER. Yes, sir.

Mr. SIMS. Since September 1, 1906, you have been receiving for fifty-four hours of service what you received for sixty hours of service before?

Mr. ALEXANDER. Yes, sir.

Mr. STAFFORD. As to these roll finishers, they are receiving an additional amount beside that, are they not?

Mr. ALEXANDER. Up to a year or two ago they got a little increase; they got an increase of 90 cents a week.

The CHAIRMAN. Have you information in regard to the pay of any of the other operatives?

Mr. ALEXANDER. I am not familiar with them; that I do not bother with at all.

The CHAIRMAN. We are very much obliged to you, Mr. Alexander.

STATEMENT OF MR. H. L. WASHBURN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name?

Mr. WASHBURN. H. L. Washburn.

The CHAIRMAN. What is your work in the mill?

Mr. WASHBURN. Head cook.

The CHAIRMAN. That is in the digesting department?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. What is your pay, Mr. Washburn?

Mr. WASHBURN. Thirty-three cents an hour.

The CHAIRMAN. And how much is that a week?

Mr. WASHBURN. \$15.84.

The CHAIRMAN. You are on the three-tour system?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. The digesters are in the sulphite mill?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. What does the head cook do?

Mr. WASHBURN. He does all the cooking, looking after the digesters, and so forth. He fixes the test of the acid.

The CHAIRMAN. Does he determine when the cooking has proceeded to the proper point?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. You work eight hours a day?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. Were you in the same position as to the sixty-five and sixty-six hours per week as Mr. Kenney prior to the three-tour system?

Mr. WASHBURN. No; I was first cook's helper.

The CHAIRMAN. The head cook would be the same, would he not, at that time?

Mr. WASHBURN. Yes.

The CHAIRMAN. Do you know what the head cook received then?

Mr. WASHBURN. Yes, sir; he received 30 cents an hour.

The CHAIRMAN. When was that?

Mr. WASHBURN. That was about a year ago, but I am not positive; but about a year ago we got 3 cents increase.

The CHAIRMAN. Was that when the three-tour system went into effect?

Mr. WASHBURN. Yes.

The CHAIRMAN. When the three-tour system went into effect did you receive the same pay per day that you had received under the two-tour system?

Mr. WASHBURN. Yes.

The CHAIRMAN. Do you know whether the head cook received the same per day?

Mr. WASHBURN. Yes; that is what I had reference to.

The CHAIRMAN. How long have you been in the mill?

Mr. WASHBURN. About twelve or fifteen years, more or less.

The CHAIRMAN. Can you remember and tell us what positions you have occupied, and what pay you have received in those positions? We want accurate information as to the pay of an employee for a number of years past.

Mr. WASHBURN. I worked in the wood room, where they prepare the wood.

The CHAIRMAN. Is that where they take the bark off, and all that?

Mr. WASHBURN. Yes.

The CHAIRMAN. What did you do in the wood room?

Mr. WASHBURN. Peeling the bark off the wood; at that time they did that——

The CHAIRMAN. Is there any such position as that in the mill now?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. Do you know what it is called?

Mr. WASHBURN. Barkers.

The CHAIRMAN. What pay did you receive then?

Mr. WASHBURN. \$1.37½ per day of ten hours.

The CHAIRMAN. And after you were a barker, what position did you occupy?

Mr. WASHBURN. My next position was in the beater room.

The CHAIRMAN. Is that where they mix and prepare the stock?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. Were you a beater then?

Mr. WASHBURN. Yes, practically.

The CHAIRMAN. What pay did you receive there?

Mr. WASHBURN. \$1.37½.

The CHAIRMAN. When was that?

Mr. WASHBURN. As a rough guess I should say probably twelve years ago.

The CHAIRMAN. What were you after that?

Mr. WASHBURN. I went from there, if I remember right, in the press room—in the sulphite press room.

The CHAIRMAN. As a pressman?

Mr. WASHBURN. As a pressman.

The CHAIRMAN. And what did you receive there?

Mr. WASHBURN. I received \$1.50, I believe.

The CHAIRMAN. When was that?

Mr. WASHBURN. That was, I think, seven years ago.

The CHAIRMAN. And after that?

Mr. WASHBURN. After that I went in as blow pitman. That is down at the bottom of the first column.

The CHAIRMAN. What did you receive in that position?

Mr. WASHBURN. I could not be positive about that, but I think it was \$1.37½.

The CHAIRMAN. Do the digesters work on the two-tour system all the time?

Mr. WASHBURN. No; they run from 7 o'clock Monday morning until 11 o'clock Saturday night.

The CHAIRMAN. I mean do they run right along, night and day?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. Were you on the two-tour system when you were in that position?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. Generally speaking, has there been an advance, or a falling back, in the rate of pay in the last ten years?

Mr. WASHBURN. An advance, most decidedly.

Mr. SIMS. According to this classification I notice that there are, under the head of finishers, eleven persons. Are they all the persons employed in that department?

Mr. WASHBURN. There is nothing new under that head.

Mr. SIMS. Is there only one person under each designation, such as head finisher, or roll finisher—that is, I mean, is there only one head finisher in the mill, say?

Mr. WASHBURN. One, I believe.

Mr. SIMS. And I suppose it is the same with reference to the core maker, the marker, and so on; and this sheet shows the number of employees in the mill, the whole number?

Mr. WASHBURN. Oh, no.

Mr. SIMS. Well, that is what I am trying to find out. Then these are merely the designations of the positions?

Mr. WASHBURN. Just that department.

Mr. SIMS. Then there is stated here the character of the employment rather than the number of employees.

The CHAIRMAN. For instance, there is more than one roll finisher—I know that of my own knowledge, because I saw more than one.

Mr. SIMS. But I wanted to know whether this sheet shows all of the employees, or simply the character of the employees.

Mr. STAFFORD. Can you state what proportion of men employed in the mill are in the respective unions?

Mr. WASHBURN. That is a hard question—do you mean what union has the largest portion?

Mr. STAFFORD. Oh, no; but taking all of the unions together, what percentage of the men are in the respective unions as compared with the total number employed.

Mr. WASHBURN. The International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, I should say.

Mr. STAFFORD. You do not grasp my question yet. Taking all of the classes of employees, and considering all of the unions as one, what proportion of the employees are not in the union, or what proportion are in the union?

Mr. WASHBURN. I am not prepared to say, but I should say nine-tenths.

Mr. STAFFORD. Mr. Kenney, can you give us any definite information as to the percentage of union men in the mill?

Mr. KENNEY. Well, I believe they are all union men. The mill is thoroughly organized under the different unions, such as carpenters, pipers, machinists, mill workers, and paper makers; thoroughly organized, every man.

The CHAIRMAN. That is, they all belong to some union?

Mr. KENNEY. Some union, yes.

Mr. STAFFORD. Mr. Washburn, can you state the pay that the barker receives to-day for the same character of work for which he received \$1.37½ a day twelve years ago?

Mr. WASHBURN. 18.33 cents per hour.

The CHAIRMAN. How much is that a week?

Mr. WASHBURN. I have not figured it up, but I think it is \$9.90 a week.

Mr. STAFFORD. That is \$1.65 a day, while before it was \$1.37½ a day?

Mr. WASHBURN. Yes, sir.

Mr. STAFFORD. Can you state the wages the beater man receives to-day for the same character of work for which he received \$1.37½ about ten or twelve years ago?

Mr. WASHBURN. 22.34 cents per hour, or \$10.72 per week.

Mr. KENNEY. \$1.78 a day for eight hours.

Mr. STAFFORD. Can you give the wage per day of the men in the press room for which they received \$1.50 a day six years ago?

Mr. WASHBURN. Well, they are receiving the same, 22.34 cents, with the exception of a part of them who receive 24.33 cents.

Mr. STAFFORD. There has been an increase of salary for them also, has there not?

Mr. WASHBURN. Yes, sir.

Mr. STAFFORD. Can you say when there was any general increase of wages during the last ten or twelve years?

Mr. WASHBURN. Yes, sir; in 1902.

Mr. STAFFORD. What increase took place then?

Mr. WASHBURN. There was an increase of 15 cents per day for the common laboring man.

The CHAIRMAN. When was the mill unionized?

Mr. WASHBURN. The mill was unionized—I don't remember.

The CHAIRMAN. Did this increase follow the organization of the union?

Mr. WASHBURN. Yes, sir.

Mr. STAFFORD. During the last twelve or fifteen years has there been any time when the wages were reduced?

Mr. WASHBURN. Not to my knowledge.

The CHAIRMAN. There have been times when you were not receiving steady employment throughout the year?

Mr. WASHBURN. I do not recollect of any since my experience here.

Mr. MILLER. Had there been any increase in wages until within the last two years?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. What increase?

Mr. WASHBURN. Well, I could not state all. The cooks received an increase of 3 cents per hour within that time.

Mr. MILLER. Within two years?

Mr. WASHBURN. Within two years.

Mr. MILLER. But outside of the cooks?

Mr. WASHBURN. The press bosses in the pulp mill received an increase, if I remember right, of from 10 to 12 cents per day, but I do not exactly remember. Some of the men in the sulphite press room received an increase of 1 cent an hour—I am not sure—either 1 cent or a fraction over; 1 cent and a half.

Mr. MILLER. What class of people in the press room received that increase?

Mr. WASHBURN. Their designation was pressman.

Mr. MILLER. Do you know of any others who have had an increase during the last two years?

Mr. WASHBURN. The blacksmith received an increase.

Mr. MILLER. How many blacksmiths are there?

Mr. WASHBURN. I believe there is only one now.

Mr. MILLER. When was this increase of 1 cent an hour made for the pressmen in the press room?

Mr. WASHBURN. I can not say positively, but I am positive it was less than two years ago.

Mr. MILLER. Have there been any increases made within the last year?

Mr. WASHBURN. Yes; I believe that our increase that I just spoke about was in the last year.

Mr. MILLER. What was that?

Mr. WASHBURN. Head cooks received 3 cents per hour.

Mr. MILLER. How many head cooks are there?

Mr. WASHBURN. Three.

Mr. MILLER. Three in the entire plant?

Mr. WASHBURN. Yes, sir.

Mr. MILLER. Have any others been increased within the last year aside from the head cooks?

Mr. WASHBURN. The head pressmen that I was just speaking about.

Mr. MILLER. Any others?

Mr. WASHBURN. The finishers.

Mr. MILLER. How much increase did they receive?

Mr. WASHBURN. I am not prepared to say that—do you know, Mr. Alexander?

Mr. ALEXANDER. Ninety cents more a week.

Mr. MILLER. How long ago was that?

Mr. ALEXANDER. Less than two years; I couldn't say whether it was in the last year or not. I don't think it was in the last year.

Mr. STAFFORD. Were these increases that you have just given as within the last two years in addition to the total salary that you received for performing less hours of labor when the mill was changed from a two to a three tour system.

Mr. WASHBURN. Yes, sir.

Mr. STAFFORD. So that while those men under the three-tour system did not receive any additional wage in total amounts, they nevertheless performed work for a less number of hours than before, which was substantially an increase of wage?

Mr. WASHBURN. Yes, sir.

Mr. STAFFORD. And in addition to that increase you have cited instances where certain men received increased pay besides that?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. You now receive \$15.84 per week?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. And you formerly received \$14.40 per week?

Mr. WASHBURN. Yes, sir.

The CHAIRMAN. So that within the last two years your pay per week has been increased from \$14.40 to \$15.84, and your hours of labor for the same pay have been reduced from sixty-five and one-half on the average to forty-eight hours per week?

Mr. WASHBURN. Yes, sir.

Mr. SIMS. That increase applies to how many men in the mill?

Mr. WASHBURN. To three men.

Mr. MILLER. Do you know about how many men are employed in the entire plant?

Mr. WASHBURN. I should say about 750, but I am not positive.

The CHAIRMAN. That is all, Mr. Washburn.

STATEMENT OF MR. Z. W. CORLEW.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you please give us your name?

Mr. CORLEW. Z. W. Corlew.

The CHAIRMAN. What is your position in the mill?

Mr. CORLEW. Blacksmith.

The CHAIRMAN. How many blacksmiths are there in the mill?

Mr. CORLEW. There is one blacksmith in the general repairs and another doing construction work outside; that is all.

The CHAIRMAN. How many machinists are there in the mill, about?

Mr. CORLEW. Oh, probably eight.

The CHAIRMAN. How many men are there in connection with that class of work; machinists, blacksmiths, on that class of repair work?

Mr. CORLEW. There must be about a dozen.

The CHAIRMAN. How long have you been connected with the mill?

Mr. CORLEW. I have been in the shops something like eighteen years.

The CHAIRMAN. In the shops here?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. How long have you been a blacksmith?

Mr. CORLEW. I think six years.

The CHAIRMAN. What were you before you were a blacksmith?

Mr. CORLEW. Blacksmith's helper part of the time.

The CHAIRMAN. Your work is entirely day work?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. And nine hours a day?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. And it was formerly ten hours a day?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. What pay did you receive as helper?

Mr. CORLEW. Fifteen cents an hour.

The CHAIRMAN. Was that at the time you were promoted to the position of blacksmith?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. How long had you been getting 15 cents an hour?

Mr. CORLEW. Twelve years.

The CHAIRMAN. The same pay?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. But what pay does the blacksmith receive?

Mr. CORLEW. 27½ cents.

The CHAIRMAN. What pay did you receive when you first became blacksmith?

Mr. CORLEW. Twenty cents.

The CHAIRMAN. For ten hours' labor?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. And you now get what?

Mr. CORLEW. 27½ cents per hour.

The CHAIRMAN. How much was that a week in each case, if you know?

Mr. CORLEW. Fifteen dollars a week now. Previous to that I got 22½ cents; and then I had 20 cents previous to that.

The CHAIRMAN. When were you advanced from 20 cents to 22½ cents?

Mr. CORLEW. I do not just remember the exact date, but something like three years ago.

The CHAIRMAN. When was this last advance made to \$15.84 per week?

Mr. CORLEW. A little better than a year ago.

The CHAIRMAN. At that time how many hours were you working, ten or nine?

Mr. CORLEW. Well, I think we were working ten hours, but I am not quite sure.

The CHAIRMAN. And before that advance how much did you receive a week?

Mr. CORLEW. \$13.50.

The CHAIRMAN. Then you were working ten hours?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. So that within the last two years your wages have been advanced from \$13.50 to \$15 a week and your hours of labor reduced from ten hours a day to nine hours a day for six days a week?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. Are you familiar with the wages of the machinists?

Mr. CORLEW. No, sir; I am not.

The CHAIRMAN. Are you familiar with the wages of the blacksmith's helper?

Mr. CORLEW. Yes. He was getting 16½ cents an hour for ten hours, and he gets the equivalent for nine hours.

The CHAIRMAN. He has had no actual increase in day's wages, but his hours have been shortened by one?

Mr. CORLEW. Yes, sir.

The CHAIRMAN. We are very much obliged to you, gentlemen. There is another organization, is there not?

Mr. KENNEY. Yes, sir.

STATEMENT OF MR. WILLIAM HAZEL.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name?

Mr. HAZEL. William Hazel.

The CHAIRMAN. What is your position in the mill?

Mr. HAZEL. Machine tender.

The CHAIRMAN. Are you on the three-tour system?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. You are in charge of a paper machine?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. At the top of the heap?

Mr. HAZEL. On that machine; yes.

The CHAIRMAN. I mean that class of work.

Mr. HAZEL. I have charge of the running of that machine.

The CHAIRMAN. How many hours a day do you work?

Mr. HAZEL. Eight hours.

The CHAIRMAN. And how long have you been in the mill?

Mr. HAZEL. I have been in the mill ten years.

The CHAIRMAN. Formerly, on the two-tour system, did you work sixty-five and sixty-six hours a week?

Mr. HAZEL. Before the eight hours came into vogue; yes.

The CHAIRMAN. What pay did you get now?

Mr. HAZEL. I get 50 cents an hour.

The CHAIRMAN. That is \$4 a day?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. What pay did you get before the eight-hour system went into effect?

Mr. HAZEL. Well, before the eight-hour system I was not in the position I am now; I was running a different machine.

The CHAIRMAN. Do you know what the machine tender in the same position received before the eight-hour system went into effect?

Mr. HAZEL. The new machine has only been running about seven months. It was not in existence at that time.

The CHAIRMAN. How many machinests of the kind that you have charge of are there in the mill?

Mr. HAZEL. Two of that sort.

The CHAIRMAN. Do you receive more than the machine tenders who operate the older machines?

Mr. HAZEL. Yes, excepting one. There is another man who receives the same pay on the other machine.

The CHAIRMAN. The other machine like this?

Mr. HAZEL. Of a different make in another room.

The CHAIRMAN. What do the other machine tenders receive who operate the old machines?

Mr. HAZEL. They vary. They receive by the day from \$3.50 to \$3.75.

The CHAIRMAN. What position were you in at the time the three-tour system went into effect?

Mr. HAZEL. Machine tender.

The CHAIRMAN. On one of the old machines?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. What were you getting then?

Mr. HAZEL. \$3.50.

The CHAIRMAN. For sixty-five and sixty-six hours a week?

Mr. HAZEL. Yes.

The CHAIRMAN. And when the three-tour system went into effect what pay did you then receive for forty-eight hours per week?

Mr. HAZEL. \$3.50.

The CHAIRMAN. That is the same pay?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. Do you remember what position you were in ten years ago?

Mr. HAZEL. Well, I was doing about everything in the mill. I was everything from shoveling coal to cleaning the floor; worked probably in every part of the mill excepting in the finishing room.

The CHAIRMAN. What we want to get in that connection is some idea as to the hours of labor and the wages paid at the present time as compared with those some years back.

Mr. HAZEL. Of course my rise in the mill has been various. When I first came here I worked day work.

The CHAIRMAN. I did not mean to make a comparison of the pay you receive now as compared with that of the time when you first came here, but as to the pay for the same position both then and now.

Mr. HAZEL. I would have to go back——

The CHAIRMAN. If you can tell us we will be greatly obliged, going back as far as you can.

Mr. HAZEL. Well, when I went on as third hand——

The CHAIRMAN. That is on the machine?

Mr. HAZEL. That is on the machine; that was the lowest on the machine then. I received \$1.25 per day for seventy-eight hours for night tour and sixty-six hours on the day tour.

The CHAIRMAN. That was seventy-eight hours on the night tour then?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. When was that?

Mr. HAZEL. That was in 1900.

The CHAIRMAN. At that time, on the two-tour system, the hours were, respectively, sixty-six and seventy-eight?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. When were they changed to sixty-five and sixty-six?

Mr. HAZEL. Well, I think in 1901 or 1902.

The CHAIRMAN. At the time that change was made, reducing the hours from sixty-six and seventy-eight, respectively, and from sixty-five and sixty-six, respectively, was there a reduction in wages per day?

Mr. HAZEL. No, sir.

The CHAIRMAN. So that then there was an advance in the wages per hour?

Mr. HAZEL. There was an advance in wages per hour; that is, the wages remained the same and the hours were reduced.

The CHAIRMAN. You were speaking about being a third hand at that time. What answers to that place now?

Mr. HAZEL. Third hand.

The CHAIRMAN. You said third hand was then the lowest place on the machine.

Mr. HAZEL. On that machine. There are lower places now on the bigger machines.

The CHAIRMAN. But on that machine it is still third hand?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. How do the wages on that machine per day now compare with the wages in 1900? I am referring to the third hand.

Mr. HAZEL. Well, I would like to leave that to one of my colleagues here, because he knows more about it than I do. I would like to answer on my machine tenders and let him answer on his.

The CHAIRMAN. What other positions did you occupy?

Mr. HAZEL. Worked right up from third hand and back tender to machine man.

The CHAIRMAN. What did you get as back tender, or second hand?

Mr. HAZEL. I went on as back tender on the No. 3 machine and was paid \$1.60 per day.

The CHAIRMAN. What does the back tender do?

Mr. HAZEL. He is the man that calenders the paper. He gets his name from tending the back of the machine as the paper comes over, the finished product. On the larger machine he would be called a back tender or winder man, the one who winds the rolls; and the fourth hand, the oiler—

The CHAIRMAN. The machine tender is the man up where the paper starts?

Mr. HAZEL. He is practically all over the machine; responsible for everything on the machine.

The CHAIRMAN. Is he the man who, if there is a break in the paper, succeeds in getting it wound around those interminable driers.

Mr. HAZEL. He is the man who is supposed to keep that paper from breaking; he has to help to get that paper off, and get it over again.

The CHAIRMAN. When the paper breaks at the point where it first starts on its mission through all those rolls, and before it goes through the driers, how do you get it on the driers again? You start a new sheet, do you not?

Mr. HAZEL. Well, a man tears a crevice in it, then takes it from the outside and goes along and puts it through the rolls. It naturally follows right along when you get it in place. We tear it right across with a jet.

The CHAIRMAN. I very much regretted that it did not break while I was there so that I could see how that is done. I can not imagine how that can be done.

STATEMENT OF MR. MAURICE JONES.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name?

Mr. JONES. Maurice Jones.

The CHAIRMAN. What is your position?

Mr. JONES. Back man on the paper machine.

The CHAIRMAN. Is that what you call, under this classification, the second hand under paper machines?

Mr. JONES. Yes, sir.

The CHAIRMAN. What pay do you receive?

Mr. JONES. \$2.64 a day.

The CHAIRMAN. You are on the three-tour system?

Mr. JONES. Yes, sir.

The CHAIRMAN. All of the paper machines are on the three-tour system?

Mr. JONES. Yes, sir.

The CHAIRMAN. How long have you been here?

Mr. JONES. I have been in the mill about fourteen years.

The CHAIRMAN. How long have you been back tender?

Mr. JONES. About five years.

The CHAIRMAN. What pay did you receive before the three-tour system went into effect?

Mr. JONES. When I first went on as back tender I got \$1.50 a day.

The CHAIRMAN. When was that?

Mr. JONES. About five years ago.

The CHAIRMAN. And then what?

Mr. JONES. And then I got an increase of wages to \$1.86 per day as back tender. That was along about 1905, I think. Then we got an increase to \$2 a day; that was about 1906 or 1907. Then we got another increase to \$2.15 on the same machine, which was about eight months ago, I think.

The CHAIRMAN. When you first went to back tending, how many hours a week did you work?

Mr. JONES. We worked one week 66 hours and the other 65; that was previous to my work as back tender, and I was working third hand.

The CHAIRMAN. When you changed from the two-tour system to the three-tour system, your wages remained the same, as I understand it?

Mr. JONES. Yes.

The CHAIRMAN. Previous to being back tender, you were third hand?

Mr. JONES. Yes.

The CHAIRMAN. What wages did you receive as third hand?

Mr. JONES. On one job, \$1.25 a day.

The CHAIRMAN. When was that?

Mr. JONES. That was about 1900.

The CHAIRMAN. And how many hours did you work then?

Mr. JONES. Seventy-eight hours one week and sixty-six hours the next.

The CHAIRMAN. Were the hours reduced to sixty-five and sixty-six?

Mr. JONES. Yes, sir.

The CHAIRMAN. Was there any reduction in wages at the time of the reduction of hours?

Mr. JONES. No, sir.

The CHAIRMAN. Did the wages remain the same per day?

Mr. JONES. Yes; they did at that time.

The CHAIRMAN. When that change was made from seventy-eight to sixty-six hours, what did that mean as to when the mill closed?

Mr. JONES. We started up at 7 o'clock Sunday morning and we shut down at 6 o'clock Saturday night. That made sixty-six hours a week on the day tour and sixty-five on the night. This was after the change.

The CHAIRMAN. Before that change was made, how did the mills run?

Mr. JONES. We used to go to work at 6 o'clock Monday night and work six nights and shut down at 7 o'clock Sunday morning; but previous to that, at one time, we came in at 10.30 Sunday night and worked right through until the next Sunday morning; but that was when I first came in the mill—no, I beg pardon, we worked right through until Saturday night, and the day tour came in at 7 o'clock Monday morning and worked until 10.30 Saturday night.

Mr. STAFFORD. When the shifts were employed seventy-eight and sixty-six hours, respectively, the mill was in continuous operation?

Mr. JONES. Yes, sir.

Mr. STAFFORD. And the hours you were on were an arbitrary arrangement that constituted the division of time into sixty-six and seventy-eight hours, respectively, with alternating weeks; one week you were working sixty-six hours on the day tour, and the next week seventy-eight hours on the night tour?

The CHAIRMAN. And the mills did not close down on Sunday at all?

Mr. JONES. Oh, yes. When we were working seventy-eight hours we came in Monday night at 6 o'clock, and we worked for six nights thirteen hours each.

Mr. MILLER. Until Sunday morning at what time?

Mr. JONES. Until 7 o'clock. You see there have been four different changes.

Mr. STAFFORD. At the time the seventy-eight-hour shift was in vogue, please give us the hours during which the day shift was employed.

The CHAIRMAN. That was six nights at thirteen hours, was it not?

Mr. JONES. They worked six days of eleven hours a day, which made sixty-six hours a week.

The CHAIRMAN. What time did they go on?

Mr. JONES. They went on at 7 o'clock in the morning and quit at 6 o'clock in the evening.

The CHAIRMAN. From Monday morning at 7 o'clock, working each day in the week, the week days?

Mr. JONES. Yes, until 6 o'clock.

Mr. MILLER. As I understand it, this eleven hours of shorter work is because you quit at 8 o'clock Saturday night instead of 7 o'clock Sunday morning?

Mr. JONES. No; they came to work in the day time at 7 o'clock and quit at 6. The company did not want the men to work until 7 o'clock, as that would not give them their evenings; the company wanted them to work under an arrangement so that they could have that time with their families.

The CHAIRMAN. What time does the mill shut down to-night?

Mr. JONES. It shuts down at 7 o'clock to-morrow morning.

The CHAIRMAN. And what time does it start up again?

Mr. JONES. Seven o'clock Monday morning. That would be a twenty-four hour shut down.

The CHAIRMAN. Do you know what pay the third hand receives now?

Mr. JONES. \$1.79 per day.

The CHAIRMAN. When you were a third-hand man, you received how much?

Mr. JONES. \$1.25.

The CHAIRMAN. That was a little over five years ago?

Mr. JONES. About 1900. I worked as third hand for a number of years.

The CHAIRMAN. Now, let me see if I understand. The third-hand men in 1900, 1901, and 1902, worked seventy-eight hours a week and sixty-six hours a week, respectively, and received \$1.25 a day?

Mr. JONES. Yes, sir; we got \$1.25 for thirteen hours and \$1.25 for eleven hours. We did not get paid by the hour at that time.

The CHAIRMAN. You got paid for six day's work?

Mr. JONES. Yes, sir.

The CHAIRMAN. And for the week, six times, \$1.25. And now the same third-hand men receive \$1.75 a day for six days in the week of eight hours each?

Mr. JONES. Yes, sir.

The CHAIRMAN. Did you occupy any other position in the mill?

Mr. JONES. Before I became third hand I was broke hustler—taking the waste paper back to the engines. One of the machines takes the waste paper back to the beaters and makes it over again.

The CHAIRMAN. If there is no waste paper to take back, then what does he do?

Mr. JONES. Sweeps up, goes and gets water—

The CHAIRMAN. What pay does he receive now?

Mr. JONES. The same as the third hand, \$1.79.

The CHAIRMAN. What pay did you receive when you were broke hustler?

Mr. JONES. \$1.25.

The CHAIRMAN. And the hours have been changed in the same way concerning that place as they have for the third-hand man?

Mr. JONES. Yes, sir.

Mr. STAFFORD. Do the back tenders on all machines receive the same salary?

Mr. JONES. No, sir.

Mr. STAFFORD. State the various wages they receive according to the machines.

Mr. JONES. The smallest wages the back tenders get is \$2.15.

The CHAIRMAN. You are back tender of one of the large machines?

Mr. JONES. Yes, sir.

The CHAIRMAN. And you receive the highest pay?

Mr. JONES. The highest of the back tenders, \$2.64 a day. I think you will have to ask Mr. Whitcomb or Mr. Walker. I can not remember what the others do get.

Mr. STAFFORD. They vary between \$2.60 and \$2.64, according to the size of the machines?

Mr. JONES. According to the size of the machines and the speed they run.

STATEMENT OF MR. TORRENCE SWIFT.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name, please?

Mr. SWIFT. Torrence Swift.

The CHAIRMAN. What is your position in the mill, Mr. Swift?

Mr. SWIFT. Grinder man.

The CHAIRMAN. That is where they make the ground pulp?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. What room are you employed in?

Mr. SWIFT. What we call the No. 1, the first room as you go down. There are two grinder rooms, and this is what they call No. 1.

The CHAIRMAN. The large room?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. That is the old one?

Mr. SWIFT. That is the oldest one.

The CHAIRMAN. What pay does the grinder man receive; what pay do you get?

Mr. SWIFT. I get \$11.42 a week, but for the lower mill the average is different. For the upper mill the tour is greater, and we get a trifle more.

The CHAIRMAN. Do the grinding rooms operate on the three-tour system?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. And they are doing all the work at the present time possible?

Mr. SWIFT. Supposed to; yes, sir.

The CHAIRMAN. How long have you been a grinder man?

Mr. SWIFT. Well, I have been on the grinders off and on for about nine years, but practically on the grinders about seven years. I was off about two years.

The CHAIRMAN. Were you on the grinders in 1900?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. What pay were you getting then?

Mr. SWIFT. In 1900 we were getting \$10.20 for No. 1 mill and \$9 for No. 2 mill.

The CHAIRMAN. You are now on No. 1 mill?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. When you first went on No. 1 mill, did you get \$10.20?

Mr. SWIFT. Got \$9. I only got \$9, but in a short time I got my \$10.20.

The CHAIRMAN. But you became an expert, a full-fledged grinder, and you received \$10.20?

Mr. SWIFT. For the No. 1 mill; yes.

The CHAIRMAN. What were the working hours then?

Mr. SWIFT. In 1900 they were sixty-six and seventy-eight.

The CHAIRMAN. Was there any reduction in wages in your department when the hours were reduced from sixty-six and seventy-eight to sixty-five and sixty-six?

Mr. SWIFT. No, sir.

The CHAIRMAN. You received \$10.20?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. When were the wages advanced to \$11.42 per week, if you remember?

Mr. SWIFT. They were advanced, if my memory serves me right, in June, 1902.

The CHAIRMAN. Has there been any advance in wages per week since that time?

Mr. SWIFT. No, sir.

The CHAIRMAN. You were put on the three-four system when?

Mr. SWIFT. I should judge about three years ago.

The CHAIRMAN. Two years ago next September, I think Mr. Kenney stated.

Mr. SWIFT. Somewhere along there.

The CHAIRMAN. And the wages per week remained the same?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. You say you were out two years?

Mr. SWIFT. Yes, sir. I worked around the mill as repair man for about two years, and then went on the grinders again.

The CHAIRMAN. What are block handlers?

Mr. SWIFT. They must be what we call wood handlers, that is, handlers of the wood. I do not know whether that means men inside or outside of the mill.

The CHAIRMAN. Under the head of grinders, we have head grinder man, grinder man, and block handler.

Mr. SWIFT. That must be what we call the wood wheelers.

The CHAIRMAN. They bring the wood in?

Mr. SWIFT. Yes; load up the racks and run them down to the grinder.

The CHAIRMAN. And you feed the wood into the grinding machines?

Mr. SWIFT. Yes, sir.

The CHAIRMAN. Is that something that requires pretty close attention?

Mr. SWIFT. It certainly does.

The CHAIRMAN. How do you tell when the wood is about out? Do you keep looking in to see?

Mr. SWIFT. We have a gauge there; we have a little staff that runs from the plate that presses on the wood up through the head, and you can see that come down. When it is down as far as it ought to go, the man knows it and pulls the rod up again.

The CHAIRMAN. How many cords of wood does one of those machines grind up in a day?

Mr. SWIFT. They differ, according to the amount of speed and pressure you have. All of the wheels down there, as we call them, do not run upon the same pressure or the same speed. There are two in the upper mill, the No. 1 mill, that run at a fairly good speed, and will grind about 4 cords in eight hours on an average. They have smaller grinders that do not run quite so much.

The CHAIRMAN. How much will the small grinders grind, do you think?

Mr. SWIFT. They will grind, I should think, on an average of about 3½ cords.

The CHAIRMAN. Do you know about the employees in the No. 2 grinding room?

Mr. SWIFT. I am talking about No. 1.

The CHAIRMAN. Do you know about the others?

Mr. SWIFT. Yes, I know something, but I never worked there to amount to anything. I know about the way they run, and so on. The No. 2 mill down there, you might say, is not steady either in speed or pressure on account of the water. The water has a good deal to do with that. Sometimes they grind more and sometimes less.

The CHAIRMAN. Do you mean that on the lower level the water is not steady?

Mr. SWIFT. Yes, because when the water is high it backs up; does not give the water a chance to get away, and the wheel does not run so fast.

The CHAIRMAN. What does the head grinder man get?

Mr. SWIFT. I do not know what you call the head grinder man unless it is the tour boss. He is a man who looks after the grinders, and practically all the rest of the gang.

Mr. STAFFORD. When was the shift from the seventy-eight and sixty-six hour basis to the sixty-five and sixty-six hour basis made?

Mr. SWIFT. I think it was in 1901—well, I would not say just exactly the time of the year, but I was under the impression that it was in the fall.

Mr. STAFFORD. And general throughout the mill?

Mr. SWIFT. Yes, sir.

Mr. MILLER. You think it was in 1901?

Mr. SWIFT. I think it was, but I would not be positive; but I believe it was.

Mr. MILLER. One grinder man feeds two machines, does he not?

Mr. SWIFT. Yes, sir.

Mr. MILLER. There are thirty-two machines in there, and you have sixteen grinder men?

Mr. SWIFT. Yes, sir.

Mr. MILLER. How many wheelers, or block handlers, do you have in your room?

Mr. SWIFT. We have three.

Mr. MILLER. Is there three in each of the rooms?

Mr. SWIFT. Yes, sir.

Mr. MILLER. I am speaking of the block handlers and the wheelers

Mr. SWIFT. Three on each tour in the upper mill, and two in the lower mill on each tour.

Mr. MILLER. That makes five?

Mr. SWIFT. Yes, sir.

Mr. MILLER. Five wheelers and sixteen grinder men and a head grinder man?

The CHAIRMAN. Do you mean that many on duty at once?

Mr. SWIFT. Sixteen—that is right.

Mr. MILLER. Thirty-two machines, and one man feeds two machines, which makes sixteen grinder men; and five wheelers, three in one room and two in the other; and one head grinder man?

Mr. SWIFT. Two head grinder men, if you wish to call them that, one in each room.

Mr. MILLER. Then sixteen grinder men, two head grinder men, making eighteen grinder men, and five wheelers, operating those thirty-two machines.

Mr. SWIFT. It takes more men than that, because we have men in the night tour, two extra ones.

Mr. MILLER. On each shift?

Mr. SWIFT. On each shift; yes, sir.

The CHAIRMAN. Do they have additional men at night?

Mr. SWIFT. They certainly do; we have to furnish two for the lower grinders.

Mr. MILLER. Four wheelers in the lower room at night instead of two?

Mr. SWIFT. No; the two extra men are in the upper room throwing down wood for the lower men.

The CHAIRMAN. Do those grinders get out of order frequently or seldom? We saw them repairing one there to-day.

Mr. SWIFT. Very frequently.

The CHAIRMAN. What happens to them?

Mr. SWIFT. If the pressure valve goes wrong and the fowler plate gets loose and the rod that presses it down—something has to be done on them pretty much all the while, not on the same machine all the while, but it keeps one or two men busy all the while to repair them up.

Mr. SIMS. I would like to ask you a general question. With the improved facilities that have been adopted in this mill, have the number of employees been increased or decreased? I am speaking of the mill generally.

Mr. SWIFT. Where they put in some more machinery, possibly they have been taking some men off, but I could not say just how many in the paper mill.

Mr. SIMS. I did not know but that in adopting the three-tour system there had been an increased number of employees.

Mr. SWIFT. There has been.

Mr. SIMS. Do you know about how many?

Mr. SWIFT. Well, in the ground-wood mill it had increased about one-third, I should say.

Mr. STAFFORD. An increase in the same proportion in the paper mill?

Mr. SWIFT. I should think so. It certainly must have done that, because it takes a third more men to run the mill.

The CHAIRMAN. That is all.

STATEMENT OF MR. FRANK GRAY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name?

Mr. GRAY. Frank Gray.

The CHAIRMAN. What is your position in the mill?

Mr. GRAY. I have oversight of the stacking of the surplus pulp down in the yard, weighing it up.

The CHAIRMAN. How much have you stacked up there now?

Mr. GRAY. I do not know.

The CHAIRMAN. How long have you been building up that stack?

Mr. GRAY. Probably the pulp put out a year ago last April—we have not been stacking continuously since, but about three months last summer we were bringing back in and breaking up, but the main amount has been put there since last September.

The CHAIRMAN. Is the pulp that is now stacked up there a surplus product over and above what is necessary for use in the making of paper?

Mr. GRAY. Over and above what the machines are using at the present time.

The CHAIRMAN. That is for use if your water power gets slack so that you can not grind as much?

Mr. GRAY. Yes, sir.

Mr. STAFFORD. It is a supply source used each year when the water becomes low?

Mr. GRAY. Yes, sir.

The CHAIRMAN. How many men do you have under you?

Mr. GRAY. The number varies; fifteen or sixteen.

The CHAIRMAN. What are they called, laborers, or what?

Mr. GRAY. Laborers, yes, sir; pulp handlers.

The CHAIRMAN. They take the pulp and pile it up?

Mr. GRAY. As the pulp comes off the pulp machines it is piled on the cars.

The CHAIRMAN. And your men take it on the cars?

Mr. GRAY. Take it on the cars. It is piled down on the floor during the night shift, and we take it from the mill during the day.

The CHAIRMAN. Then your force only works during the day?

Mr. GRAY. Day work.

The CHAIRMAN. How many hours per day?

Mr. GRAY. Nine hours.

The CHAIRMAN. When do you go on?

Mr. GRAY. Seven in the morning and quit at 5 in the afternoon.

The CHAIRMAN. With an hour off?

Mr. GRAY. Yes, the noon hour.

The CHAIRMAN. What pay do the pulp handlers receive?

Mr. GRAY. \$1.65 per day.

The CHAIRMAN. How long have you been in that position?

Mr. GRAY. Something less than a year, perhaps ten months.

The CHAIRMAN. Has the pay been the same during that time; has there been any increase in pay for the pulp handlers since you went into that position?

Mr. GRAY. I think so. It either took effect just before or just after I took that position. They were working for \$1.50 per day a year

ago, and some time shortly before that they were working for 11 shillings per day; and then they received \$1.50.

The CHAIRMAN. Eleven shillings is \$1.25, I suppose?

Mr. GRAY. No, sir; \$1.37½. They now receive \$1.65. They were given that raise last summer some time.

The CHAIRMAN. When did they get the \$1.37½?

Mr. GRAY. I can not remember just when they were raised from that. I know they were receiving that four or five years ago; that the outside help were working for that amount; that is, the wood handlers and pulp handlers.

The CHAIRMAN. How many hours a day did they work at that time?

Mr. GRAY. Ten hours.

The CHAIRMAN. When they were getting \$1.50 a day how many hours did they work?

Mr. GRAY. They worked nine hours; at least, for some time before they received the last raise.

The CHAIRMAN. Was the change from ten to nine hours made while they were receiving \$1.50 a day?

Mr. GRAY. I can not say. I was outside the mill myself for three or four years, and some changes were made during that time.

The CHAIRMAN. What pay do you get?

Mr. GRAY. I get 22 cents per hour.

The CHAIRMAN. For nine hours?

Mr. GRAY. For ten hours.

The CHAIRMAN. Do you work ten hours a day?

Mr. GRAY. Yes.

The CHAIRMAN. And the men under you work nine hours?

Mr. GRAY. Work nine hours, yes.

The CHAIRMAN. How long have you been connected with the mill in any capacity?

Mr. GRAY. Oh, at different times for about twenty-five years.

The CHAIRMAN. What were you doing twenty-five years ago?

Mr. GRAY. I was wheeling wood.

The CHAIRMAN. What did you get a day for wheeling wood then; were you a man or a boy?

Mr. GRAY. Well, I was a boy about 16 years old. I got \$1.25 a day.

The CHAIRMAN. What did you do afterwards in the mill?

Mr. GRAY. I worked grinding, worked on the pressers, worked at repair work—I can not think of anything around the pulp mill that I have not done.

Mr. SIMS. Is all of the labor here native labor—that is, people of the United States, or are any of them foreigners?

Mr. GRAY. Some of them are foreigners; there are a few Italians, but I think not a great number at the present time; there are two or three Swedes—not a great number of those.

The CHAIRMAN. I should judge of the men that I have seen to-day that the great bulk of them are American born. Is that correct?

Mr. GRAY. That is correct; it is almost entirely correct of the work inside of the mill. The tour workers are almost all Americans.

The CHAIRMAN. Do you know whether there is anyone here representing the men who handle the wood that comes in—is sent into the mill and piled up? Does anyone know what wages they get?

Mr. GRAY. \$1.65 per day.

The CHAIRMAN. That is, they are classed as laborers, the same as your men are?

Mr. GRAY. Just the same.

The CHAIRMAN. And receive the same wages?

Mr. GRAY. Yes.

The CHAIRMAN. And work the same number of hours?

Mr. GRAY. Yes.

The CHAIRMAN. Do you know whether they received the same wages at the same time that your laborers received \$1.37½?

Mr. GRAY. They did; yes, sir.

The CHAIRMAN. When was this \$1.37½ a day paid?

Mr. GRAY. Five or six years ago—well, probably six or seven years ago.

The CHAIRMAN. Then about 1900?

Mr. GRAY. Yes, sir; and for ten hours' work at that time.

The CHAIRMAN. Then since that time, for laborers, generally in the mill, the wages have been increased from \$1.37½ to \$1.65, and the hours reduced from ten hours a day to nine hours a day?

Mr. GRAY. Yes, sir; the wages per hour would be a trifle over 18 cents at the present time.

Mr. SIMS. From the time they paid \$1.37½, until the present time, has there not been a general increase for the mill hands in the cost of living?

Mr. GRAY. Yes, sir; there has been.

Mr. SIMS. Has the increased cost been equal to the increase in wages, as a general thing?

Mr. GRAY. That is a matter you might discuss with almost anyone you would meet, and there are hardly two people that think alike in regard to that matter.

Mr. SIMS. I was only referring to your own knowledge and observation; your own experience.

Mr. GRAY. I find myself confronted by about the same problem now that I always had.

The CHAIRMAN. You mean that with the advance in wages there has been a general increase in the cost of living?

Mr. GRAY. Yes, sir; there has been. There is an increase in the price of coal, beefsteak, eggs, and everything else.

Mr. SIMS. All of the necessities of life?

Mr. GRAY. All of the necessities of life.

Mr. MILLER. You said that you went to work about twenty-five years ago at \$1.25 a day. About when did you get your next advance in wages?

Mr. GRAY. About sixteen years ago; they were still working for \$1.25 a day, and then they received a nice little raise to \$1.37½.

Mr. MILLER. About when was it that you got your raise from \$1.25 to \$1.37½?

Mr. GRAY. It was perhaps fourteen years ago.

Mr. MILLER. And it went up to \$1.37½. What was your next raise?

Mr. GRAY. \$1.50.

Mr. SIMS. But it was a different class of work?

Mr. GRAY. I should imagine for at least twelve or thirteen years we received that.

Mr. MILLER. How long has it been since you got your increase covering the work which you are doing now?

Mr. GRAY. It was about a year ago that I took this job; but perhaps there is no other job around the mill just like it.

Mr. MILLER. You received 22 cents an hour for ten hours?

Mr. GRAY. Yes.

The CHAIRMAN. That is all. Are you gentlemen all connected with the same union that Mr. Kenney is?

Mr. GRAY. No, sir.

The CHAIRMAN. Are you connected with the other union?

Mr. GRAY. Yes, sir.

The CHAIRMAN. Who is the president of that union?

Mr. GRAY. Mr. Jones.

The CHAIRMAN. Mr. Jones, you have already testified?

Mr. JONES. Yes, sir.

The CHAIRMAN. You are president of one of the local unions here?

Mr. JONES. Yes, sir.

The CHAIRMAN. What is the name of your organization?

Mr. JONES. The International Brotherhood of Pulp, Sulphite, and Paper Mill Workers.

The CHAIRMAN. You have two unions here, the Paper and the Pulp Workers—

Mr. JONES. We do not recognize them that way.

The CHAIRMAN. But that is the fact, is it not; there are two organizations here?

Mr. JONES. Yes, sir.

The CHAIRMAN. You are affiliated with the American Federation of Labor, are you not?

Mr. JONES. Yes, sir.

The CHAIRMAN. Is the other organization affiliated with any national organization?

Mr. JONES. No, sir.

The CHAIRMAN. Not the Knights of Labor?

Mr. JONES. No, sir.

The CHAIRMAN. Does the Knights of Labor have any unions in connection with pulp or paper mills, do you know?

Mr. JONES. Not that I know of.

The CHAIRMAN. We all received a circular letter some time ago from the Knights of Labor in reference to this agitation, and in some way I thought possibly they had an organization in some of the paper mills, although the letter came from the head office, I think, in Washington.

Mr. JONES. No, sir.

The CHAIRMAN. What proportion of the paper and pulp workers here in this mill belong to one of these two organizations; one or the other?

Mr. JONES. I would like to refer that question to the secretary, brother Hazel, here.

The CHAIRMAN. The firemen have an organization as a union, have they not?

Mr. JONES. Yes, sir.

The CHAIRMAN. And practically all of the skilled mechanics of the mills are members of some union of some kind?

Mr. JONES. Yes, sir.

The CHAIRMAN. Mr. Hazel, can you tell us what proportion of the men in the mill belong to one or the other of the organizations?

Mr. HAZEL. Well, I would say our organization of Pulp, Sulphite, and Paper Mill Workers is the parent organization, and this other organization is composed of seceders. They are not affiliated with any national body that I know of. I will say that we hold the balance of power in this mill here, and possibly—the membership I would not want to state—

The CHAIRMAN. I did not mean to ask you as to the membership of the two organizations, but what proportion of men in the mill do not belong to either organization?

Mr. HAZEL. Of course, that would be a rough guess.

Mr. MILLER. Well, please guess it.

The CHAIRMAN. I do not mean the laborers, but the men who do the work in the pulp and paper mills.

Mr. HAZEL. I want to make the statement that the paper mill all belong to our organization; every man in the paper mill belongs to our organization, and we have some in the pulp mill; but there are 675 to 700 working here, including machinists, firemen, and everything, and we have about 220 members.

The CHAIRMAN. Do the laborers that we have been talking about belong to an organization, such as the wheelers of wood?

Mr. HAZEL. We have those.

The CHAIRMAN. How about the men up on the wood pile?

Mr. HAZEL. We have men on the wood pile; yes, sir.

The CHAIRMAN. Are the men who wheel out the pulp to be piled up members of the organization too?

Mr. HAZEL. Some of them belong to us.

The CHAIRMAN. Then your organization includes all classes?

Mr. HAZEL. Includes all classes; yes, sir.

Mr. SIMS. And all employees are eligible?

Mr. HAZEL. Yes, sir; those that are not eligible to any other organization affiliated with the American Federation of Labor.

The CHAIRMAN. Of course, we can not undertake to settle that question. The president of your organization is Mr. J. D. Carey?

Mr. HAZEL. The national president; yes, sir.

The CHAIRMAN. And the local president is Mr. Jones?

Mr. HAZEL. Yes, sir.

The CHAIRMAN. We are very much obliged to you.

STATEMENT OF MR. TIMOTHY BRESNAHAN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name?

Mr. BRESNAHAN. Timothy Bresnahan.

The CHAIRMAN. What is your position in the mill?

Mr. BRESNAHAN. Fireman.

The CHAIRMAN. Do you have a local union here?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. Belonging to the International Brotherhood?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. How many men in the mills are there connected with the firemen's union?

Mr. BRESNAHAN. About 56.

The CHAIRMAN. Are there 56 firemen in the mill?

Mr. BRESNAHAN. Firemen other than helpers.

The CHAIRMAN. How long have you been in the mill?

Mr. BRESNAHAN. Fourteen years.

The CHAIRMAN. How long have you been a fireman?

Mr. BRESNAHAN. A little better than thirteen years.

The CHAIRMAN. How many hours do you work a day?

Mr. BRESNAHAN. Eight hours.

The CHAIRMAN. Are you on the three-tour system, too?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. What pay do you receive?

Mr. BRESNAHAN. Well, I get 30 cents an hour; firemen get 25.

The CHAIRMAN. Are you the head fireman?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. How many head firemen are there?

Mr. BRESNAHAN. Six.

The CHAIRMAN. And they get 30 cents an hour?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. That is, since the three-tour system went into effect?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. That is \$2.40 per day?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. Before the three-tour system went into effect, and when there was a two-tour system, did you then receive \$2.40 a day as head fireman?

Mr. BRESNAHAN. Yes, sir; just about.

The CHAIRMAN. Did the wages remain just the same per day?

Mr. BRESNAHAN. Not at that time. We received a raise a year or so ago. There has been a three-tour system for pretty near two years.

The CHAIRMAN. Have you received a raise since?

Mr. BRESNAHAN. Not at that time; we did not receive quite so much for the first year.

The CHAIRMAN. Have you received an increase in wages since the eight-hour system went into effect?

Mr. BRESNAHAN. We did not get quite so much a day for the first year.

The CHAIRMAN. You did not get quite as much when you changed from the two-tour system to the three-tour system?

Mr. BRESNAHAN. No, sir.

The CHAIRMAN. What did you get per day under the two-tour system?

Mr. BRESNAHAN. About \$2.40; 20 cents an hour, with time and a half for Sunday; that is, for the head fireman. That was eleven and thirteen hours.

The CHAIRMAN. Then when you changed to the three-tour system you got what?

Mr. BRESNAHAN. We got 28 cents and a fraction per hour.

The CHAIRMAN. Since that your wages have been raised to 30 cents an hour?

Mr. BRESNAHAN. Yes.

The CHAIRMAN. What wages were you getting twelve or thirteen years ago, as fireman?

Mr. BRESNAHAN. Head firemen then received \$2 for eleven and thirteen hours.

The CHAIRMAN. You were fireman then?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. What wages did you get?

Mr. BRESNAHAN. \$1.50.

The CHAIRMAN. Was that on the basis of sixty-six and seventy-eight hours a week?

Mr. BRESNAHAN. No; we worked more than that. We worked seven days a week as firemen.

The CHAIRMAN. Do you remember what you got per week then, or per hour, or per day?

Mr. BRESNAHAN. \$10.50 per week.

The CHAIRMAN. For seven days?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. Did you work seven days every week?

Mr. BRESNAHAN. Yes, sir; worked seven days a week.

The CHAIRMAN. Was that afterwards changed so that you did not work so many days in a week?

Mr. BRESNAHAN. No; I worked seven days every week, but some of them only worked six.

The CHAIRMAN. You do now work seven days?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. And you now get paid on the basis of 30 cents an hour, however?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. And you are head fireman; only the firemen now work seven days a week?

Mr. BRESNAHAN. Yes; some.

The CHAIRMAN. What is their pay?

Mr. BRESNAHAN. Twenty-five cents an hour.

The CHAIRMAN. Two dollars a day?

Mr. BRESNAHAN. Yes.

The CHAIRMAN. Fourteen dollars a week?

Mr. BRESNAHAN. Yes.

The CHAIRMAN. That is \$14 a week for eight hours a day work?

Mr. BRESNAHAN. Yes, sir.

The CHAIRMAN. Before that they received, ten or twelve years ago at least, \$10.50 per week for seven days' work, and how many hours a day.

Mr. BRESNAHAN. Eleven and thirteen hours, an average of twelve hours a day.

The CHAIRMAN. That is all.

STATEMENT OF MR. DAN HALEY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give us your name?

Mr. HALEY. Dan Haley.

The CHAIRMAN. You are, also, a fireman?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Head fireman?

Mr. HALEY. Yes, sir.

The CHAIRMAN. How long have you been head fireman?

Mr. HALEY. Sixteen years.

The CHAIRMAN. How long have you been in the mill?

Mr. HALEY. Twenty-five years.

The CHAIRMAN. Were you a fireman before you were head fireman?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Now tell us what wages you were receiving as head fireman when you first commenced.

Mr. HALEY. Two dollars a day for twelve hours' work.

The CHAIRMAN. Do you work seven days a week?

Mr. HALEY. Yes, sir.

The CHAIRMAN. When was the change made from twelve hours a day to a less number of hours?

Mr. HALEY. Two years the 2d of next June.

The CHAIRMAN. Before that time you worked regularly twelve hours a day for seven days in a week?

Mr. HALEY. Five years ago the change was made, and we got 20 cents an hour.

The CHAIRMAN. I was talking about the time when you worked twelve hours a day for seven days in a week, up to the time the three-tour system went into effect.

Mr. HALEY. Four years before we got the eight-hour system we got 20 cents an hour and time and a half for Sunday.

The CHAIRMAN. You worked twelve hours a day every day in the week including Sundays, and did you continue to work the twelve hours every day until the three-tour system went into effect?

Mr. HALEY. Yes, sir.

The CHAIRMAN. You used to get \$2 a day. When was that increased?

Mr. HALEY. Four or five years ago.

The CHAIRMAN. And then it was increased to how much?

Mr. HALEY. To 20 cents an hour.

The CHAIRMAN. \$2.40 a day?

Mr. HALEY. Yes.

The CHAIRMAN. And time and a half for Sundays?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Did that mean time and a half for twelve hours?

Mr. HALEY. Sunday and Sunday night.

The CHAIRMAN. You worked twelve hours every Sunday, did you?

Mr. HALEY. Yes, sir.

The CHAIRMAN. And were allowed eighteen hours for it?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Then when the three-tour system went into effect, you commenced to work eight hours a day?

Mr. HALEY. Yes.

The CHAIRMAN. And for that you get?

Mr. HALEY. Twenty-eight and a fraction cents per hour.

The CHAIRMAN. Fourteen dollars a week?

Mr. HALEY. No; 28 cents an hour.

The CHAIRMAN. When was you raised?

Mr. HALEY. Last July; the 2d of last July.

The CHAIRMAN. To 30 cents an hour?

Mr. HALEY. Yes, sir.

The CHAIRMAN. What do the firemen get?

Mr. HALEY. Twenty-five cents an hour.

The CHAIRMAN. How long have they been getting that?

Mr. HALEY. Since last July.

The CHAIRMAN. What did they get before last July?

Mr. HALEY. Twenty-three cents.

The CHAIRMAN. What did the firemen get ten years ago?

Mr. HALEY. \$1.50 a day, twelve hours' work.

The CHAIRMAN. Seven days in a week?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Did the firemen all work seven days in a week?

Mr. HALEY. They used to then, they don't now; some of them do in the winter time, but generally in the summer they do not.

Mr. STAFFORD. Who determines whether they work seven days or only six?

Mr. HALEY. I don't know.

Mr. MILLER. Do they decide that for themselves?

Mr. HALEY. Sometimes.

Mr. STAFFORD. If there is work they are obliged to work the seven days; it is not optional with them?

Mr. HALEY. Yes, sir.

Mr. SIMS. Since your wages have gone up to 30 cents an hour, do you get any extra time off on Sunday?

Mr. HALEY. No.

The CHAIRMAN. What did the firemen get ten years ago?

Mr. HALEY. \$1.50 a day.

The CHAIRMAN. That is 12½ cents an hour, and they now get 25 cents an hour. They then worked twelve hours a day, and they now work eight hours a day?

Mr. HALEY. Yes.

Mr. STAFFORD. This is an increase of 100 per cent per hour, but not per day.

Mr. HALEY. Yes, sir.

The CHAIRMAN. Do you have men whom you call coal handlers?

Mr. HALEY. Yes, sir.

The CHAIRMAN. What do they get now?

Mr. HALEY. Twenty-two or twenty-two and one-half cents.

The CHAIRMAN. Do you know what the engineers get?

Mr. HALEY. I do not know what they get.

The CHAIRMAN. Do you have any ash handlers?

Mr. HALEY. They get the same wages as the coal heavers.

Mr. STAFFORD. How many days in a week do they work?

Mr. HALEY. Sometimes six and sometimes seven.

Mr. STAFFORD. According to the amount of work?

Mr. HALEY. Yes, sir.

The CHAIRMAN. Are you acquainted with their salaries during the past several years?

Mr. HALEY. I could not tell about that.

Mr. STAFFORD. They are receiving 22½ cents now, on an eight-hour basis?

Mr. HALEY. Yes, sir.

**STATEMENT OF MR. CHARLES W. WALKER, SUPERINTENDENT
OF HUDSON FALLS MILLS, NEW YORK.**

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Walker, I would like to ask you about this paper that I hold in my hand entitled "Mill Pay Roll Classification."

Is this a fairly accurate list of the titles under which men are employed in the mill here?

Mr. WALKER. Yes, sir; it is.

(Following is the classification referred to:)

International Paper Company—mill pay roll classification.

Section.		Occupation.		Section.		Occupation.	
No.	Name.	No.	Name.	No.	Name.	No.	Name.
1	Foreman.....	1	Foreman ground wood mill.	12	Beaters.....	1	Head beater man.
		2	Night foreman ground wood mill.			2	Beater man.
		3	Foreman sulphite mill.			3	Clay and size man.
		4	Night foreman sulphite mill.			4	Color man.
		5	Foreman paper mill.	13	Paper machines	1	Machine tender.
		6	Foreman paper machines.			2	Second hand.
		7	Night foreman paper mill.			3	Third hand.
		8	Night superintendent.			4	Fourth hand.
		9	Foreman repairs.			5	Fifth hand.
		10	Foreman steam.			6	Broke hustler.
		11	Foreman yard.	14	Finishing.....	1	Head finisher.
2	Wood piling....	12	Night foreman yard.			2	Roll finisher.
		1	Head piler.			3	Sheet finisher.
		2	Wood handler.			4	Counter.
		3	Conveyor man.			5	Cutter man.
		4	Scaler.			6	Cutter girl.
		5	Riverman.			7	Rewinder.
		6	Engineer.			8	Weighter.
		7	Teamster.			9	Marker.
		8	Single team.			10	Cere maker.
		9	Double team.			11	Baling press.
		1	Head wood handler.			12	Head paper loader.
3	Wood handling	2	Wood handler.	15	Indoor, miscellaneous.	2	Paper loader.
		3	Conveyor man.			3	Stock handler.
		4	Scaler.			4	Weighter.
		5	Riverman.			5	Car man.
		6	Slip man.			6	Oil keeper.
		7	Teamster.			7	Oiler.
		8	Single team.			8	Cleaner.
		9	Double team.			9	Filter man.
		1	Head preparer.			10	Night watchman.
		2	Wood handler.			11	Sunday watchman.
		3	Conveyor man.			12	Elevator man.
		4	Scaler.	16	Outdoor, miscellaneous.	13	Felt man.
4	Wood room....	5	Riverman.			14	Core cleaner.
		6	Slip man.			15	Sampler.
		7	Teamster.			16	Acid tester.
		8	Single team.			17	Stock sayer.
		9	Double team.			1	Racks.
		1	Head preparer.			2	Barn boss.
		2	Wood handler.			3	Teamster.
		3	Conveyor man.			4	Single team.
		4	Sawyer.			5	Double team.
		5	Barker.			6	Laborer.
		6	Splitter.			7	Gate keeper.
5	Grinders.....	7	Chipper.			8	Fire protection.
		8	Chip bin.	17	Steam plant....	1	Head engineer.
		9	Knotter.			2	Engineer.
		10	Waste handler.			3	Engine oiler.
		11	Barking drum.			4	Dynamo man.
		1	Head grinderman.			5	Head fireman.
		2	Grinderman.			6	Coal fireman.
		3	Block handler.			7	Wood fireman.
		1	Head screen man.			8	Coal handler.
		2	Screen man.			9	Wood handler.
		3	Silverman.			10	Ash handler.
		1	Head pressman.			11	Boiler cleaner.
6	Ground wood screens.	2	Pressman.			1	Head machinist.
		3	Decker man.	18	Repairs.....	2	Machinist.
		4	Stock regulator.			3	Machinist helper.
		1	Sulphur burner.			4	Head millwright.
		2	Acid maker.			5	Millwright.
		3	Lime slacker.			6	Millwright helper.
		4	Lime handler.			7	Carpenter.
		5	Sulphur handler.			8	Head piper.
		6	Tank man.			9	Piper.
		7	Tower man.			10	Pattern maker.
		1	Head cook.			11	Blacksmith.
		2	Cook.			12	Blacksmith helper.
		3	Cook helper.			13	Mason.
7	Ground wood presses.	4	Blow pit man.			14	Mason helper.
		1	Head screen man.			15	Painter.
		2	Screen man.			16	Painter helper.
		3	Kollergang man.			17	Roll grinder.
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
8	Acid plant.....	1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
9	Digesters.....	3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
10	Sulphite screens.	1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
11	Sulphite presses.	2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				
		1	Head screen man.				
		2	Screen man.				
		3	Kollergang man.				
		1	Head pressman.				
		2	Pressman.				
		3	Decker man.				
		4	Stock regulator.				

International Paper Company—mill pay roll classification—Continued.

Section.		Occupation.		Section.		Occupation.	
No.	Name.	No.	Name.	No.	Name.	No.	Name.
18	Repairs.....	18	Knife grinder.	21	Screen plates..	1	Head-plate cutter.
		19	Saw filer.			2	Plate cutter.
		20	Stonecutter.	22	Improvements..		Same as repairs.
		21	Draftsman.	23	Construction....		Do.
		22	Electrician.	24	Tenements.....		Do.
		23	Lead burner.	25	Piers and booms.	1	Head riverman.
		24	Lead burner helper.			2	Riverman.
		25	Laborer.			1	First chemist.
		26	Teamster.			2	Second chemist.
		27	Single team.			3	First mechanical engineer.
		28	Double team.			4	Second mechanical engineer.
		1	First clerk.			5	Third mechanical engineer.
		2	Second clerk.	26	Bureau of Tests.	6	First paper and pulp tester.
19	Office.....	3	Third clerk.			7	Second paper and pulp tester.
		4	Day timekeeper.			8	Stenographer.
		5	Night timekeeper.			9	Laboratory helper.
		6	Stenographer.				
20	Railroad operations.	7	Storekeeper.				
		1	Engineer.				
		2	Firemen.				
		3	Trackmen.				

The CHAIRMAN. Can you give us a statement showing the number of hours per day which each of these different classes of men work now and the pay they receive?

Mr. WALKER. Yes; I could have a statement made up.

The CHAIRMAN. And in connection with that a statement of the same thing for some years back; would that be practicable?

Mr. WALKER. How far back?

The CHAIRMAN. Well, we have data down to 1898 or 1899, but if it is possible from your books we would like to have it further back?

Mr. WALKER. We may have it on record yet, but I am not sure.

The CHAIRMAN. I would like to have this furnished as soon as you can furnish it, and please send it to us at Washington.

Mr. WALKER. Do you want it based upon the hourly rate?

The CHAIRMAN. So far as I am concerned, I want it based upon the daily or weekly rate, because that means something to me. I do not want to have to stop and compute the comparison every time; in other words, the fact that you may have increased a man's wages per hour and decreased his hours of labor might bring about a reduction, and we would like to have it in the more convenient way.

Mr. WALKER. That is, how much the week before and how much now; and show the number of hours' work under the two systems?

The CHAIRMAN. Under the three systems.

Mr. WALKER. That is, when he was working sixty-six and seventy-eight hours, sixty-five and sixty-eight hours, and under the eight-hour system; those are the three divisions.

The CHAIRMAN. Of course it is a very easy matter to prepare a statement of the rate per hour and carry it out to the rate per day.

Mr. WALKER. Would you like it carried out in that form—the rate per hour in comparison with per day and per week?

The CHAIRMAN. Yes. Of course that is not an absolute test in one way, I suppose, because, for instance, these machine tenders, some of them, receive a different pay, and I do not know how many such persons may be receiving that different pay.

Mr. WALKER. That is determined by the size of the machines they are operating.

The CHAIRMAN. I understand.

Mr. STAFFORD. The men are paid under a scale of wages according to the character of work they perform?

Mr. WALKER. That is right.

The CHAIRMAN. How much firewood does it require to make a ton of ground pulp, upon a basis of dry weight?

Mr. WALKER. The weight after it is prepared with the bark off, what we term ross—we get 2,300 pounds out of a cord of rossed wood.

The CHAIRMAN. Does that mean dry weight?

Mr. WALKER. Yes, sir.

The CHAIRMAN. How much sulphite pulp do you get out of a cord of wood?

Mr. WALKER. Of the same class of wood, about 1,200 pounds.

The CHAIRMAN. We notice large piles of wood out here. Where does that wood come from?

Mr. WALKER. I can say about 90 per cent of it came from Canada, from the province of Quebec.

The CHAIRMAN. Do you know from whom it came?

Mr. WALKER. Well, we get the most of it through the St. Maurice Lumber Company.

The CHAIRMAN. That is one of the subsidiary companies of the International Paper Company?

Mr. WALKER. Yes, sir.

The CHAIRMAN. Where does the other 10 per cent come from?

Mr. WALKER. From the Adirondacks.

The CHAIRMAN. Wood that you have bought?

Mr. WALKER. Wood that is furnished us by the Champlain Realty Company and other subsidiary companies.

The CHAIRMAN. How many men do you have employed?

Mr. WALKER. In the vicinity of 675.

The CHAIRMAN. How many children?

Mr. WALKER. No children.

The CHAIRMAN. How many women?

Mr. WALKER. Two or three.

The CHAIRMAN. In the mills?

Mr. WALKER. Yes; running cutters; that is, taking off paper, folding it.

The CHAIRMAN. Is the mill running practically to its full capacity now?

Mr. WALKER. Yes, sir; at all times.

The CHAIRMAN. You are apparently piling up some surplus pulp. What is the reason for that?

Mr. WALKER. To tide us over low-water seasons, when we do not grind sufficient pulp for the requirements of the paper mill.

The CHAIRMAN. There comes a season in the year when the water is so low that you can not operate all of your grinders?

Mr. WALKER. Yes, sir; and then we have to draw from the reserve stock.

The CHAIRMAN. But you use up practically the sulphite fiber as rapidly as you produce it from day to day?

Mr. WALKER. Yes, sir.

The CHAIRMAN. You only make news-print paper here for sale, as I understand it?

Mr. WALKER. Yes, sir

The CHAIRMAN. And you do not make any other kind of paper excepting the wrapping paper which you make for your own use?

Mr. WALKER. That is all.

The CHAIRMAN. And you make that on one of the ordinary machines?

Mr. WALKER. We do not make that here just now, but we intend putting in a machine for that purpose later.

The CHAIRMAN. It takes a separate machine?

Mr. WALKER. Yes, sir.

The CHAIRMAN. You do not make it now?

Mr. WALKER. Not now. We get it from one of the other mills.

The CHAIRMAN. Do you send the pulp to one of the other mills?

Mr. WALKER. Yes; to Port Edwards.

The CHAIRMAN. What is the capacity of this mill, for paper?

Mr. WALKER. About in the vicinity of 240 tons a day.

The CHAIRMAN. Do you know where most of the paper is shipped to?

Mr. WALKER. Shipped to Philadelphia, New York, Baltimore—

The CHAIRMAN. To whom? I noticed some going to the Chicago Tribune to-day?

Mr. WALKER. Yes; some to the Chicago Tribune.

The CHAIRMAN. And some to the Philadelphia North American?

Mr. WALKER. The North American, the Record-Ledger, the Baltimore American, the Baltimore Sun, the New York Times, the New York Zeitung—

The CHAIRMAN. The Staats-Zeitung?

Mr. WALKER. No; not the Staats-Zeitung.

The CHAIRMAN. Is that Mr. Ridder's paper?

Mr. WALKER. No, sir. And some to the Boston Journal and other publications. Some also goes to Pittsburg.

The CHAIRMAN. Is it mostly sent in large lots?

Mr. WALKER. Yes; all in carload lots and under contract.

The CHAIRMAN. Is this considered one of the best paper mills in the country?

Mr. WALKER. I believe it is; yes.

The CHAIRMAN. How does the grade of paper manufactured here compare with the grade manufactured elsewhere?

Mr. WALKER. It is supposed to be equal to the best of its class.

The CHAIRMAN. How long have you been in the employ of the International Paper Company, or any of its predecessors?

Mr. WALKER. In the vicinity of seventeen or eighteen years.

The CHAIRMAN. Where were you before?

Mr. WALKER. Prior to my coming here I was at Watertown.

The CHAIRMAN. Where were you when you first commenced occupation with any of the companies that make up the International Paper Company?

Mr. WALKER. The Wilder mill in Vermont was the first mill.

The CHAIRMAN. In what capacity in that mill did you work?

Mr. WALKER. I started in as third hand, I believe, on the paper machine.

The CHAIRMAN. In what other mills have you worked?

Mr. WALKER. I went from there to the Cliff Paper Company at Niagara; and went from there to the Winnepesaukee mill at Franklin, N. H.

The CHAIRMAN. In what capacity?

Mr. WALKER. Machine tender at that time.

The CHAIRMAN. And from there?

Mr. WALKER. To Canada; the Brompton Pulp and Paper Company.

The CHAIRMAN. In what capacity?

Mr. WALKER. Superintendent.

The CHAIRMAN. Where is the company located?

Mr. WALKER. The province of Quebec, Compton County, near Sherbrooke, on the St. Francis River.

The CHAIRMAN. How long were you there?

Mr. WALKER. About a year.

The CHAIRMAN. Was the mill in operation while you were there?

Mr. WALKER. Yes.

The CHAIRMAN. How many men were employed in that mill?

Mr. WALKER. I should say in the vicinity of 100.

The CHAIRMAN. And from there where did you go?

Mr. WALKER. To Niagara Falls, with the International Paper Company.

The CHAIRMAN. Had you been with the International Paper Company before you went to Canada?

Mr. WALKER. At Franklin, N. H., the Winnepesaukee mills.

The CHAIRMAN. And you went to Niagara from Canada as superintendent?

Mr. WALKER. I was paper-mill foreman.

The CHAIRMAN. And from there?

Mr. WALKER. To Watertown as superintendent.

The CHAIRMAN. At what mill?

Mr. WALKER. They have a group of mills there.

The CHAIRMAN. The International group of mills at Watertown?

Mr. WALKER. Yes, sir.

The CHAIRMAN. And from there you came here as superintendent?

Mr. WALKER. Yes.

The CHAIRMAN. How long have you been here as superintendent?

Mr. WALKER. About two years.

The CHAIRMAN. Has there been an increase in wages since you have been here?

Mr. WALKER. Yes, sir; an increase in wages paid to the men.

The CHAIRMAN. Has the three-tour system been adopted since you came here?

Mr. WALKER. Yes, sir.

The CHAIRMAN. Has there been an increase in the output since you came here?

Mr. WALKER. Yes, sir; by putting in new machinery.

The CHAIRMAN. When was that new machinery put in?

Mr. WALKER. One of the new machines was started in July last and the second one in October.

The CHAIRMAN. How many paper machines have you here now?

Mr. WALKER. Nine.

The CHAIRMAN. When were they put in, do you know?

Mr. WALKER. No; I do not know when the first five were put in. The two later ones, before the putting in of the last two, were put in about 1896 or 1897.

The CHAIRMAN. Just before the organization of the International Paper Company?

